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National Credit Union Administration

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MANUAL OF LAWS AFFECTING FEDERALLY INSURED STATE CREDIT UNIONS

AUGUST 1978

NATIONAL CREDIT UNION ADMINISTRATION
WASHINGTON, D.C. 20456

NCUA 8048

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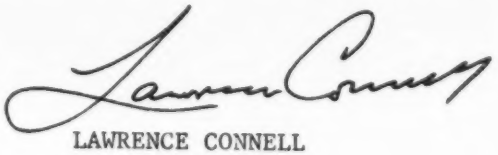
FOREWORD

This Manual has been compiled by the National Credit Union Administration for the purpose of assisting the officials and staff of Federally insured State credit unions in understanding and complying with various Federal statutes and regulations. The laws covered in this Manual are primarily consumer-oriented. They contain requirements that may have an impact on the day-to-day operation of your credit union.

It replaces the Manual of Statutes Affecting Credit Unions. The format has been changed. As well, content has been up-dated and modified and appendices have been added to provide an all-in-one reference source. These analyses are intended to serve as supplemental guidance. In no way are they intended to alter, amend or take the place of the laws themselves.

The Manual will be kept current by means of numbered changes which will be issued in place of uncatalogued letters whenever requirements are revised. If you use this Manual regularly and keep it current, we believe you will find that your compliance responsibilities are more understandable and more easily met.



LAWRENCE CONNELL
Administrator

National Credit Union Administration Manual of Laws Affecting Federally Insured State Credit Unions

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PART 1

REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974 (RESPA)

A. WHY WAS IT ENACTED?

The Real Estate Settlement Procedures Act was signed into law on December 22, 1974. Its purpose is to protect the consumer by requiring that home buyers be provided with certain specific information relating to financing and settlement costs of residential real estate transactions.

The following discussion is intended to familiarize you with the requirements of RESPA as they pertain to Federally insured credit unions.

B. TO WHOM DOES IT APPLY?

Real Estate Settlement Procedures Act, Regulation X, applies to all Federally insured credit unions which make real estate loans secured by a first lien or other security interest, where the proceeds are used, in whole or in part, by a borrower to acquire legal title in that property and:

(a) upon which there is located or is to be constructed, using proceeds of the loan, a structure designed principally for the occupancy of 1 to 4 families; or

(b) upon which there is located a mobile home or upon which there will be placed a mobile home to be purchased using proceeds of the loan; or

(c) upon which there is a condominium or cooperative unit designed principally for the occupancy of 1 to 4 families. [Regulation X is also applicable to nonfederally insured state credit unions that make or invest in loans for residential real estate aggregating more than $1,000,000 per year as set forth in Regulation X, Section 3500.5(c)(3), or that make federally insured or guaranteed loans (VA or FHA loans).]

The following transactions are not subject to the provisions of RESPA:

(a) A loan to finance the purchase or transfer of property of 25 or more acres;

(b) A home improvement loan or any loan where the proceeds are not used to finance the transfer of legal title to the property;

(c) A loan to finance the purchase or transfer of a vacant lot, where no proceeds are used for the construction of a 1 to 4 family residential structure or for the purpose of a mobile home to be placed on the lot.

(d) Other exemptions are set out in Section 3500 of the Regulation. The following is a summary of those exemptions: a construction loan; a loan to purchase property where the primary purpose is for resale; a loan where the lot is already owned by the borrower or borrowers; and the execution of a land sale contract or installment land contract where title is not transferred to the purchaser upon execution, unless the contract is to finance the acquisition of title.

Any real estate loan made by a Federally insured credit union, which meets the requirements outlined above and is not an exempted transaction, is considered a Federally Related Mortgage Loan for the purposes of RESPA, if the mortgaged property is located in a State. The terms "State" includes any State of the United States, the District of Columbia, Puerto Rico, and any territory or possession of the United States.

C. WHAT MUST BE DONE TO COMPLY WITH RESPA?

Whenever a Federally insured credit union receives an application for a Federally Related Mortgage Loan, or prepares an application form for such a loan for a member, it must provide the applicant with a copy of the Special Information Booklet and a Good Faith Estimate of closing costs. In addition, a Uniform Settlement Statement form (HUD Form 1) must be completed by the person conducting the settlement of a Federally Related Mortgage Loan.

1. SPECIAL INFORMATION BOOKLET

The Special Information Booklet currently prescribed by the Secretary of the Department of

Housing and Urban Development shall be supplied to each applicant for a Federally Related Mortgage Loan by delivering it or placing it in the mail to the applicant by not later than three business days after the application is received. Where more than one individual applies for a loan, it is only necessary to provide a copy of the Booklet to one of the applicants.

The Special Information Booklet may be printed or reproduced in any form; however, only the following changes may be made to the text and format of the booklet:

(a) The cover may be in any form, and may include drawings or artwork, provided that the phrase "settlement costs" appears in the title. The name of the credit union may appear on the cover, but there can be no discussion or summary of the matter contained inside.

(b) The Special Information Booklet may be translated into other languages.

The content of the booklet is shown in Appendix A. Copies of the booklet itself are not available through HUD or NCUA but may be purchased from your usual source of supplies.

2. GOOD FAITH ESTIMATES

The credit union must provide a good faith estimate (as a dollar amount or range) for each settlement charge listed in Section L, of the Uniform Settlement Statement (except item 903 and Series 1000 of Section L) which the credit union anticipates the borrower will have to pay at settlement. Each estimate must bear a reasonable relationship to the anticipated actual charge and must be based on the general experience of the individual credit union as to costs a borrower pays in that locality.

Regulation X does not specify a standard form to be used when making good faith estimates. However, under Section 3500.7(d) of Regulation X, whatever form is used must meet the following requirements:

(a) The form must be clear and concise, must include the credit union's name and have the following statement in BOLD type:

> **"This form does not cover all items you will be required to pay in cash at settlement, for example, deposit in escrow for real estate taxes and insurance. You may wish to inquire as to the amounts of such other items. You may be required to pay other additional amounts at settlement."**

(b) The terminology used should be identical, so far as practicable, to the terms which are included or will be inserted on HUD Form 1. Credit unions are encouraged to use the same item numbers for estimates in their forms as are used in HUD Form 1.

(c) Additional information regarding a specific item may be provided, and charges which may be grouped together on HUD Form 1 may also be grouped in the estimate.

In addition, if a credit union uses another party such as a law firm to provide services relating to the loan, and requires the borrower to pay any portion of cost for such services, the good faith estimate must:

(a) Contain the estimated charges.

(b) State the name, telephone number of, and the services to be provided by each party. It must also state the fact that the credit union's estimate is based on the charges of the designated provider.

(c) Contain a statement whether or not each such provider has a business relationship with the credit union.

The required good faith estimate may be printed on a separate form or be inserted in the Special Information Booklet.

Like the Special Information Booklet, the good faith estimate must be delivered or placed in the mail to the applicant by not later than three business days after the loan application is received. The Regulation does not require the lender to retain copies of estimates provided to members, but NCUA recommends this practice.

3. UNIFORM SETTLEMENT STATEMENT

A Uniform Settlement Statement (HUD Form 1) must be used by the credit union, or any person acting on its behalf, when conducting the settlement of a Federally related mortgage loan. The form must itemize all charges which the credit union requires the borrower and the seller to pay in connection with the settlement. Charges which the borrower and seller contract to pay separately outside of the settlement are not to be included on the form. Information pertaining only to the seller may be deleted from the borrower's copy and vice versa. Additional instructions regarding preparation of the Uniform Settlement Statement are included in the RESPA Booklet which follows this discussion (Appendix A). The booklet also contains a copy of HUD Form 1.

The credit union (lender) must keep copies of both the buyer's and seller's settlement statement

for two years after the settlement date, unless it sells the loan.

There are two types of transactions for which a uniform settlement statement does not have to be prepared. They are:

(a) Transactions for which the borrower is not required to pay any settlement charges, and

(b) Transactions in which the borrower must pay a fixed amount for all settlement charges. In this case, the lender must deliver or mail to the borrower, within 3 business days after the loan application, a statement of the amount of the fixed charge, settlement services and other items covered by such charge.

It is important to note that a credit union must keep an accurate record of all transactions for which preparation of a Uniform Settlement Statement was not required. The record of each loan must be retained for two years from the settlement date and must include:

(a) an itemized list of the settlement services provided,

(b) the exact charge imposed at settlement, if any, and

(c) the nature of the exemption.

4. ADVANCE INSPECTION OF UNIFORM SETTLEMENT STATEMENT

Section 3500.10 of Regulation X requires that, upon the request of the borrower, the credit union or its agent conducting the settlement must permit the borrower to inspect the Uniform Settlement Statement during the business day immediately preceding the date of settlement. At that time, the form must be completed as to those items which are known to the credit union.

5. MODIFYING THE UNIFORM SETTLEMENT STATEMENT

Certain modifications of HUD Form 1 are permitted. The permissible changes are listed in Section 3500.9 of Regulation X. Only the changes specified therein may be made.

6. NO FEE MAY BE CHARGED

As provided in Section 12 of RESPA, no fee can be charged to any person (as part of the settlement costs or otherwise) by a credit union in connection with or on account of the preparation and distribution of disclosure statements required under RESPA or the Truth In Lending Act.

7. TITLE COMPANIES

In cases where a credit union holds legal title to the property sold, and is the seller or acting on behalf of the seller, it is prohibited from requiring borrowers (directly or indirectly) to use a particular title company. The liability for violation is an amount equal to three times all charges made for such title insurance.

8. ESCROW ACCOUNT LIMITATIONS

The amount that a credit union can require a borrower to place in an escrow account is limited. Escrow funds are limited at settlement to the amount that would bring the amount of taxes, insurance premiums and other charges current to the date of the first full payment, plus one-sixth of the amount of such charges to be paid during the following twelve-month period.

Any monthly escrow payment can be no larger than one-twelfth of the amount anticipated to be paid for such charges during the following twelve months plus the amount necessary to maintain an additional balance not to exceed one-sixth of the amount of charges to be paid during the following twelve-month period.

D. RELATION TO STATE LAWS

Any State laws which pertain to real estate transactions remain in effect and are not changed by RESPA unless they are inconsistent with RESPA.

E. KICKBACKS

Under RESPA there is a $10,000 penalty for accepting any fee, kickback or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of settlement be referred to any person. Regulation X provides specific examples of prohibited kickbacks under Section 3500.14.

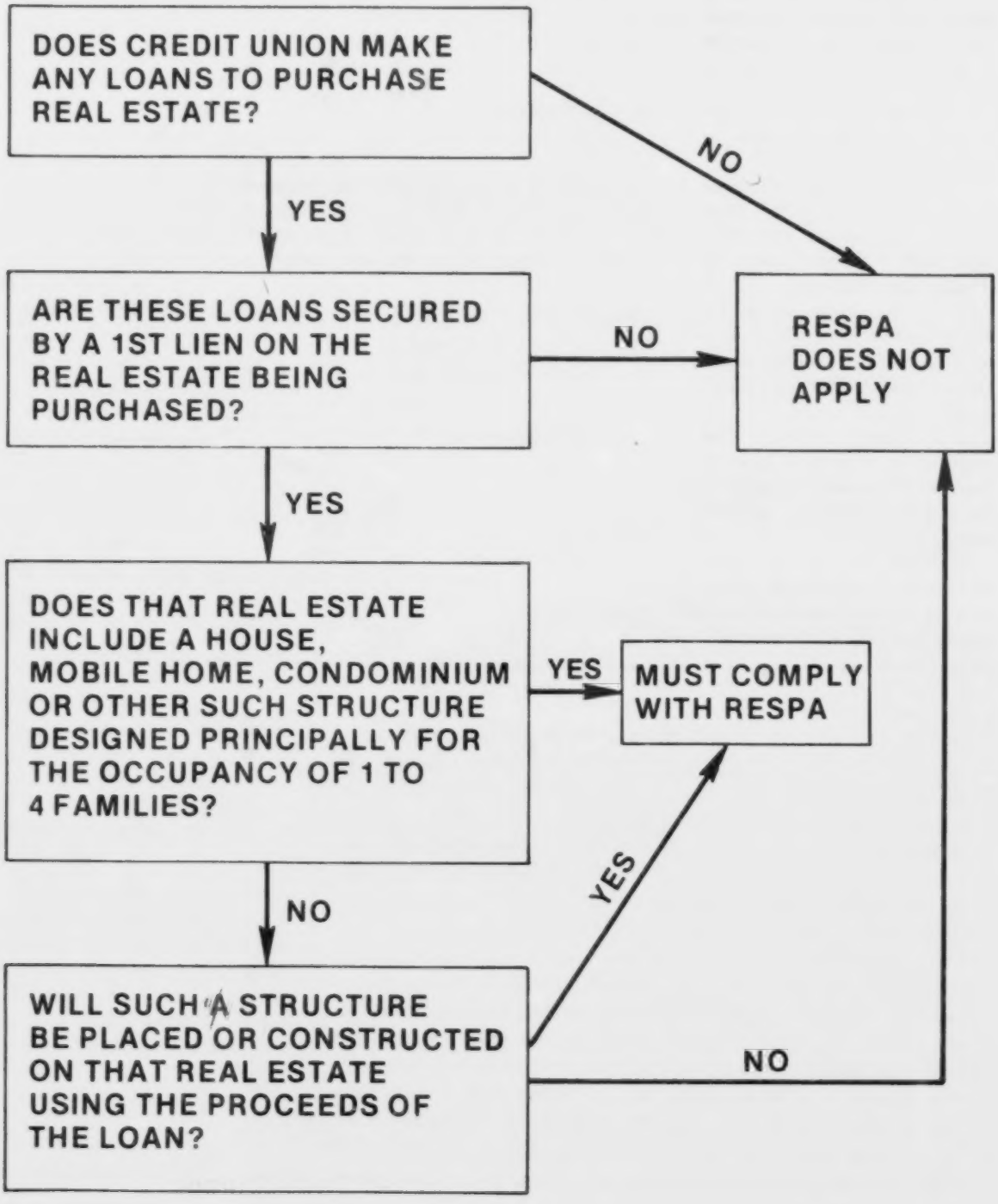
F. IS YOUR CREDIT UNION IN COMPLIANCE?

The following checklist is being provided as a guide for you to determine whether your credit union is subject to and in compliance with RESPA. "Yes" answers to questions 2 through 6, 8 and 10 and "no" answers to 7, 9 and 11 would reflect that your credit union is in compliance. Should you find your credit union not to be in compliance with RESPA in any respect, you should make the necessary corrections.

QUESTIONS	EXPLANATIONS
1. Does the credit union make Federally related first mortgage residential real estate loans covered under RESPA (Reg. X)? (If no, STOP. If yes, answer all remaining questions.)	1. A Federally related loan covered under RESPA (per the Administrator's letter of 6/29/76 to the board of directors of all FCUs) is any loan made by an FCU to finance the purchase or construction of residential real estate and secured by a first lien on that real estate, etc.
2. Does the credit union provide each applicant for a RESPA-related loan with a copy of the Special Information Booklet free of charge within 3 business days after receiving the loan application?	2. A sample is included in the enclosure to the above letter.
3. Is a written good faith estimate of settlement costs containing the statement required by Section 3500.7(d)(1) given to each applicant within 3 business days after receiving the loan application? (If yes, did it provide [ ] range estimates, [ ] specific amount estimates or [ ] combination of the two.)	3. The form should be clear and concise. It must include the credit union's name, Section 3500.7(d)(1) also requires the following notice: "This form does not cover all items you will be required to pay in cash at settlement. . ."
4. Does the credit union routinely relate each good faith estimate to the specific property being considered by the applicant (i.e., is the good faith estimate realistic)?	4. This question can be answered by reviewing the good faith estimates and the related Uniform Settlement Statements.
5. If the credit union requires the borrower to use a particular firm for any settlement service, does it provide the applicant with the statements required by 3500.7(e)?	5. Section 3500.7(e) requires the following; (a) the name, address and telephone number of each provider designated by the credit union, the services which would be rendered by such provider and the fact that the credit union's estimate is based upon the charges of the designated provider, and (b) statement whether or not each such provider has a business relationship with the credit union.
6. Unless the credit union qualifies for exemption, does it provide the borrower with the Uniform Settlement Statement (HUD-1) at the time of settlement or 1 day prior to settlement if requested by the borrower?	6. Exemptions are confined to (a) transactions in which the borrower is not required to pay any settlement charges or adjustments and (b) transactions in which the borrower is required to pay a fixed amount for all charges imposed at settlement and the time of loan application (Section 3500.8(d)(1)(2). In addition Section 3500.10(c) indicates that the borrower may waive his/her rights to receive the USS up to the time of settlement. If these rights are waived, the credit union must mail or deliver the settlement as soon as practical after settlement. In the event that settlement is conducted by an agent of the credit union, this requirement may be met by that agent.

QUESTIONS *(Continued)*	EXPLANATIONS *(Continued)*
7. Does the credit union charge a fee in connection with the preparation or distribution of any disclosures required by RESPA?	7. Such fees are prohibited by Section 12 of RESPA.
8. Has the credit union arranged to retain a copy of HUD-1 for two years?	8. Self Explanatory.
9. If a credit union sells residential real estate which it owns through foreclosure or otherwise, does it require use of a specific title company?	9. Required use of a specific title company would be a violation of Section 9 of RESPA (a) if the sale were being financed by the FCU or (b) if the funds for the purchase of the property were the proceeds of a Federally related mortgage loan made by another lender.
10. If the credit union requires escrow amounts, does it keep the escrow requirements within the permitted maximums?	10. The permitted maximums are detailed in Section 10 of RESPA.
11. Is there evidence that credit union or its staff gives or receives kickbacks in conjunction with RESPA covered loans?	11. Self Explanatory.
12. Does the credit union have written policies or checklists for its staff to follow with regard to RESPA compliance?	12. Self Explanatory.

G. HOW TO DETERMINE WHETHER YOUR FEDERALLY-INSURED CREDIT UNION MUST COMPLY WITH RESPA


DOES CREDIT UNION MAKE ANY LOANS TO PURCHASE REAL ESTATE?
NO
YES
ARE THESE LOANS SECURED BY A 1ST LIEN ON THE REAL ESTATE BEING PURCHASED?
NO
RESPA DOES NOT APPLY
YES
DOES THAT REAL ESTATE INCLUDE A HOUSE, MOBILE HOME, CONDOMINIUM OR OTHER SUCH STRUCTURE DESIGNED PRINCIPALLY FOR THE OCCUPANCY OF 1 TO 4 FAMILIES?
YES
MUST COMPLY WITH RESPA
NO
WILL SUCH A STRUCTURE BE PLACED OR CONSTRUCTED ON THAT REAL ESTATE USING THE PROCEEDS OF THE LOAN?
YES
NO

Real Estate Settlement Procedures Act

Statute

Regulations

Special Information Booklet

U.S. Department of Housing and Urban Development

THE REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974 AS AMENDED IN 1975

An Act

88 STAT. 1724

To further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Real Estate Settlement Procedures Act of 1974.

SHORT TITLE

SECTION 1. This Act may be cited as the "Real Estate Settlement Procedures Act of 1974". 12 USC 2601 note.

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that significant reforms in the real estate settlement process are needed to insure that consumers throughout the Nation are provided with greater and more timely information on the nature and costs of the settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices that have developed in some areas of the country. The Congress also finds that it has been over two years since the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs submitted their joint report to the Congress on "Mortgage Settlement Costs" and that the time has come for the recommendations for Federal legislative action made in that report to be implemented. 12 USC 2601.

(b) It is the purpose of this Act to effect certain changes in the settlement process for residential real estate that will result—

(1) in more effective advance disclosure to home buyers and sellers of settlement costs;

(2) in the elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain settlement services;

(3) in a reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance; and

(4) in significant reform and modernization of local recordkeeping of land title information.

DEFINITIONS

SEC. 3. For purposes of this Act— 12 USC 2602.

(1) the term "federally related mortgage loan" includes any loan (other than temporary financing such as a construction loan) which—

a first lien on

(A) is secured by residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development

program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is intended to be sold by the originating lender to the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, or a financial institution from which it is to be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

except that for the purpose of this Act, the term 'creditor' does not include any agency or instrumentality of any State;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, the following: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate agent or broker, and the handling of the processing, and closing or settlement;

(4) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company;

(5) the term "person" includes individuals, corporations, associations, partnerships, and trusts; and

(6) the term "Secretary" means the Secretary of Housing and Urban Development.

(a) UNIFORM SETTLEMENT STATEMENT

12 USC 2603.

SEC. 4. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such variations as may be necessary to reflect differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize all charges imposed upon the borrower and all charges imposed upon the seller in connection with the settlement and shall indicate whether any title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. The Secretary may, by regulation, permit the deletion from the form prescribed under this section of items which are not, under local laws or customs, applicable in any locality, except that such regulation shall require that the numerical code prescribed by the Secretary be retained in forms to be used in all localities. Nothing in this section may be construed to require that that part of the standard form which relates to the borrower's transaction be furnished to the seller, or to require that that part of the standard form which relates to the seller be furnished to the borrower.

(b) The form prescribed under this section shall be completed and made available for inspection by the borrower at or before settlement by the person conducting the settlement, except that (1) the Secretary may exempt from the requirements of this section settlements occurring in localities where the final settlement statement is not customarily provided at or before the date of settlement, or settlements where such requirements are impractical and (2) the borrower may, in accordance with regulations of the Secretary, waive his right to have the form made available at such time. Upon the request of the borrower to inspect the form prescribed under this section during the business day immediately preceding the day of settlement, the person who will conduct the settlement shall permit the borrower to inspect those items which are known to such person during such preceding day.

SPECIAL INFORMATION BOOKLETS

12 USC 2604.

SEC. 5. (a) The Secretary shall prepare and distribute booklets to help persons borrowing money to finance the purchase of residential real estate better to understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 4;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender shall include with the booklet a good faith estimate of the amount or range of charges for specific settlement services the borrower is likely to incur in connection with the settlement as prescribed by the Secretary.

(d) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt or preparation of such application.

(e) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

12 USC 2607.

SEC. 8. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (A) to attorneys at law for services actually rendered or (B) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (C) by a lender to its duly appointed agent for services actually performed in the making of a loan, (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed, or (3) payments pursuant to cooperative brokerage and referral arrangements or agreements between real estate agents and brokers, or (4) such other payments or classes of payments or other transfers as are specified in regulations prescribed by the Secretary, after consultation with the Attorney General, the Administrator of Veterans' Affairs, the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Secretary of Agriculture .

Penalties.

(d)(1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion, split, or percentage. In any successful action to enforce the liability under this paragraph, the court may award the court costs of the action together with a reasonable attorney's fee as determined by the court.

TITLE COMPANIES

12 USC 2608.

SEC. 9. (a) No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be purchased by the buyer from any particular title company.

Liability.

(b) Any seller who violates the provisions of subsection (a) shall be liable to the buyer in an amount equal to three times all charges made for such title insurance.

ESCROW ACCOUNTS

SEC. 10. A lender, in connection with a federally related mortgage loan, may not require the borrower or prospective borrower—

(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes, insurance premiums, or other charges with respect to the property, in connection with the settlement, an aggregate sum (for such purpose) in excess of a sum that will be sufficient to pay such taxes, insurance premiums and other charges attributable to the period beginning on the last date on which each such charge would have been paid under the normal lending practice of the lender and local custom, provided that the selection of each such date constitutes prudent lending practice, and ending on the due date of its first full installment payment under the mortgage, plus one-sixth of the estimated total amount of such taxes, insurance premiums and other charges to be paid on dates, as provided above, during the ensuing twelve-month period; or

(2) to deposit in any such escrow account in any month beginning with the first full installment payment under the mortgage a sum (for the purpose of assuring payment of taxes, insurance premiums and other charges with respect to the property) in excess of the sum of (A) one-twelfth of the total amount of the estimated taxes, insurance premiums and other charges which are reasonably anticipated to be paid on dates during the ensuing twelve months which dates are in accordance with the normal lending practice of the lender and local custom, provided that the selection of each such date constitutes prudent lending practice, plus (B) such amount as is necessary to maintain an additional balance in such escrow account not to exceed one-sixth of the estimated total amount of such taxes, insurance premiums and other charges to be paid on dates, as provided above, during the ensuing twelve-month period: *Provided, however,* That in the event the lender determines there will be or is a deficiency he shall not be prohibited from requiring additional monthly deposits in such escrow account to avoid or eliminate such deficiency.

LIMITATIONS AND DISCLOSURES WITH RESPECT TO CERTAIN FEDERALLY RELATED MORTGAGE LOANS

SEC. 11. (a) The Federal Deposit Insurance Act is amended by adding at the end thereof the following new section:

12 USC 1831b.

"SEC. 25. (a) No insured bank, or mutual savings or cooperative bank which is not an insured bank, shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the bank. At the request of the Corporation, the bank shall report to the Corporation on the identity of such person and the nature and amount of the loan, discount, or other extension of credit.

Report.

"(b) In addition to other available remedies, this section may be enforced with respect to mutual savings and cooperative banks which are not insured banks in accordance with section 8 of this Act, and for such purpose such mutual savings and cooperative banks shall be held and considered to be State nonmember insured banks and the appropriate Federal agency with respect to such mutual savings and cooperative banks shall be the Federal Deposit Insurance Corporation."

(b) Title IV of the National Housing Act is amended by adding at the end thereof the following new section:

12 USC 1730f.

"SEC. 413. No insured institution shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the institution. At the request of the Federal Home Loan Bank Board, the insured institution shall report to the Board on the identity of such person and the nature and amount of the loan."

12 USC 1730f note.

(c) The Federal Deposit Insurance Corporation or the Federal Home Loan Bank Board as appropriate may by regulation exempt classes or types of transactions from the provisions added by this section if the Corporation or the Board determines that the purposes of such provisions would not be advanced materially by their application to such transactions.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

12 USC 2610.

SEC. 12. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 4 and 6 of this Act or by the Truth in Lending Act.

16 USC 1601 note.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

12 USC 2611

SEC. 13. The Secretary shall establish and place in operation on a demonstration basis, in representative political subdivisions (selected by him) in various areas of the United States, a model system or systems for the recordation of land title information in a manner and form calculated to facilitate and simplify land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

Report to Congress. 12 USC 2612.

SEC. 14. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumers groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

Report to Congress.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulation of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concludes that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt; and

(3) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secretary in accordance with the provisions of section 13 of this Act.

DEMONSTRATION TO DETERMINE FEASIBILITY OF INCLUDING STATEMENTS OF SETTLEMENT COSTS IN SPECIAL INFORMATION BOOKLETS

12 USC 2613.

SEC. 15. The Secretary shall, on a demonstration basis in selected housing market areas, have prepared and included in the special information booklets required to be furnished under section 5 of this Act, statements of the range of costs for specific settlement services in such areas. Not later than June 30, 1976, the Secretary shall transmit to the Congress a full report on the demonstration conducted under this section. Such report shall contain the Secretary's assessment of the feasibility of preparing and including settlement cost range statements for all housing market areas in the special information booklets for such areas.

Report to Congress.

JURISDICTION OF COURTS

12 USC 2614.

SEC. 16. Any action to recover damages pursuant to the provisions of section 6, 8, or 9 may be brought in the United States district court for the district in which the property involved is located, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

12 USC 2615.

SEC. 17. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

RELATION TO STATE LAWS

12 USC 2616.

SEC. 18. This Act does not annul, alter, or affect, or exempt any person subject to the provisions of this Act from complying with, the laws of any State with respect to settlement practices, except to the extent that those laws are inconsistent with any provision of this Act, and then only to the extent of the inconsistency. The Secretary is authorized to determine whether such inconsistencies exist. The Secretary may not determine that any State law is inconsistent with any provision of this Act if the Secretary determines that such law gives greater protection to the consumer. In making these determinations the Secretary shall consult with the appropriate Federal agencies.

AUTHORITY OF THE SECRETARY

Rules and regulations. 12 USC 2617.

SEC. 19. (a) The Secretary is authorized to prescribe such rules and regulations, to make such interpretations, and to grant such reasonable exemptions for classes of transactions, as may be necessary to achieve the purposes of this Act.

(b) No provision of this Act or the laws of any State imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Secretary or the Attorney General, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

Title 24—Housing and Urban Development

CHAPTER XX—OFFICE OF ASSISTANT SECRETARY FOR CONSUMER AFFAIRS AND REGULATORY FUNCTIONS, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. R-76-394]

PART 3500—REAL ESTATE SETTLEMENT PROCEDURES ACT

The Real Estate Settlement Procedures Act Amendments of 1975 (herein the "RESPA Amendments"), signed into law January 2, 1976 (Pub. L. 94-205), made significant changes in the Real Estate Settlement Procedures Act of 1974 (RESPA), (Pub. L. 93-533), 12 U.S.C. 2601, et seq. The RESPA Amendments repealed the original requirements of advance disclosure (section 6), the disclosure of the previous selling price (section 7) and the Truth-in-Lending provisions of section 4. In their place lenders are required to provide borrowers, at time of loan application, good faith estimates of settlement costs. Persons conducting settlement are required to provide borrowers with an opportunity to inspect their settlement statements one day prior to settlement. The RESPA Amendments authorized the suspension, until June 30, 1976, of the RESPA provisions dealing with advance inspection of the Uniform Settlement Statement, use of the Special Information Booklet and the provision for good faith estimates, to allow for orderly implementation and public comment on these provisions.

On January 9, 1976, regulations were issued under this part (41 FR 1672) to conform Regulation X to the RESPA Amendments. These regulations are now superseded by the following Regulation X effective June 30, 1976.

On March 29, 1976 (41 FR 13032) the Department issued a notice of proposed rule-making with respect to the Real Estate Settlement Procedures Act. This proposal would implement the entire RESPA program including certain suspended provisions, and would make various technical and editorial changes.

Over 240 comments were received and the Department is now issuing a final rule which adopt various changes to the proposed regulations. These changes are set forth hereinafter. Most of these changes are in response to comment, however the Department is making certain other modifications at its own initiative. Of the technical changes being made hereby, of principal note is the recodification of these RESPA regulations under 24 CFR Chapter XX. In the time since the first RESPA regulations were issued, the Department has established a new Assistant Secretary for Consumer Affairs and Regulatory Functions to whom responsibility for the program has been delegated, 41 FR 19365. Since parts 0-199 are reserved under Subtitle VIII to the use of the Secretary, these RESPA regulations should properly now be incorporated in Chapter XX and are therefore being recodified in that Chapter as Part 3500.

SUMMARY OF RESPA PROVISIONS

General. While many comments submitted indicated general acceptance of RESPA requirements, there were numerous specific comments directed at improving or deleting particular sections. Only a few commenters called for the outright repeal of RESPA on the grounds that these provisions would not assist consumers, but would create unnecessary work for lenders and additional costs to consumers. Many commenters felt that lenders should be given considerable flexibility in implementing RESPA provisions because of the wide variations of settlement procedures between localities. The regulations have been amended to achieve flexibility.

Coverage. Coverage of RESPA and Regulation X has been restricted to first mortgage loans secured by 1-4 family residential properties made by a federally regulated or insured lender (see § 3500.5). Included in the definition of a "federally related mortgage loan" is the refinancing of land sales contracts where the proceeds of the loan are used to finance the acquisition of legal title pursuant to the land sales contract. Otherwise, if legal title is not transferred to the purchaser upon execution of the contract the transaction is not covered by the regulations. Loans eligible for but not intended to be sold by the originating lender to the Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), or the Federal Home Loan Mortgage Corporation (FHLMC), or to a financial institution from which it is to be purchased by FHLMC are exempt. Also exempt are all construction loans, assumptions, novations, and sales or transfers subject to a preexisting loan (except as noted in § 3500.5(d) (4, 5 & 6) of the regulations).

Reliance upon Rule, Regulation, or Interpretation. The Secretary is authorized by section 19 of RESPA to prescribe such rules, regulations and interpretations as are necessary to achieve the purposes of RESPA. Any act done or omitted in good faith in conformity with such rules, regulations or interpretations will not result in liability under the Act or state law. Rules, regulations or interpretations have been defined to include Regulation X, the Uniform Settlement Statement (HUD-1) and Appendices to Regulation X. A number of commenters suggested that this definition be extended to written statements from the Secretary, General Counsel, and Assistant Secretary for Consumer Affairs and Regulatory Functions. Where a question arises as to the application of a provision (except for Section 8 of RESPA and related issues), to a specific fact situation, the Assistant Secretary for Consumer Affairs and Regulatory Functions may issue a written response. Such response, however, would not constitute an "interpretation" pursuant to Section 19 of RESPA. Where the situation is a product of state law or otherwise likely to recur, the Secretary may issue a binding interpretative ruling by appending said ruling to Regulation X and by publication of the letter of interpretation in the FEDERAL REGISTER.

Special Information Booklet and Good Faith Estimates. The proposed regulations required the lender to provide the borrower with a Special Information Booklet no later than one day after the lender receives or prepares a written mortgage loan application on an application form or forms normally used by that lender. A number of commenters indicated that it would be extremely difficult to provide the good faith estimates within one business day of receipt where the application is received by an agent who normally would not provide such estimates. The Department has modified the proposed regulations to meet this concern by allowing up to three business days after loan application. The intent of the regulations is to provide the good faith estimates as soon as possible.

The proposed regulations of March 29 provided for inclusion in the Special Information Booklet of information where the lender required use of a particular provider or three or less providers for a particular service.

The regulations published for effect instead require a statement as part of the good faith estimates where the lender requires a particular provider to be used. The revised requirement only applies where one provider is required to be used by the lender, and only requires identification of the provider and a statement whether the provider has a business relationship with the lender. There is no requirement to describe the business relationship. Numerous comments were received objecting to the proposed requirement for a statement whether other providers would provide the service at a lower cost. That requirement has been deleted.

In such cases, the lender is required to base the estimate of the charge on the lender's knowledge of charges imposed by the selected provider. These requirements, which are contained in Section 3500.7(b) and (e), are issued pursuant to RESPA Section 5(c). It should be noted that House Report No. 94-667 regarding the RESPA amendments stated at page 5: "Where the lender will arrange to have a settlement service provided by a particular provider, the prospective borrower should be so informed and the estimates given should reflect the lender's knowledge of the cost of that service."

Form of Good Faith Estimates. Section 5(c) of RESPA requires that the lender provide the borrower with the booklet and a good faith estimate of the amount or range for each charge for specific settlement services that the borrower is likely to incur in connection with the settlement. In the March 29th proposed rules, good faith estimates were required for a subset of settlement charges. Comment was made to the effect that estimates for charges computed on the basis of the actual date of settlement (reserves and prepaid items) could not be provided. Based on public comments, Regulation X was revised to require that lenders provide good faith estimates for all settlement services reported in Section L of the Uniform Settlement State-

ment except item 903 and series 1000 (Reserves Deposited with Lender). With respect to item 901 (Prepaid Interest) and 902 (Prepaid Mortgage Insurance Premium) the lender is required to state the maximum amount which can be collected at settlement. The lender's reserve requirements were not included in the required disclosure because the date of settlement and other variables are not usually within the lender's knowledge at time of loan application and represented a considerable origination burden.

The techniques used to develop the good faith estimates for either approach have not been specified in the regulations and are left to the lender. The Department recognizes that there are several ways of arriving at good faith estimates and the regulations do not restrict lenders to any specific approach. However, under Section 3500.7(b), the estimate of the amount or range of cost must bear a reasonable relationship to the borrower's ultimate cost for each settlement charge.

Uniform Settlement Statement (HUD–1). The regulation now permits lenders substantial flexibility in reproducing HUD–1 with adjustments to the form to allow for variations in settlement services between localities. The regulations provide that where the blank lines on HUD–1 are not adequate to take care of local insertions, additional spaces may be added without HUD approval. Also the previous restrictions on distances between lines and the size of the page have been removed. This means that space or lines may be added vertically and horizontally where the space on the HUD–1 is inadequate. This will permit, for example, listing pay-offs of prior liens and the time periods involved in prorations. In addition, the regulations do not restrict type size or style and do not require that local insertions appear in a different style of type. Finally, it is no longer necessary for information concerning sellers costs to be included on the buyer's copy of HUD–1 and vice versa.

Numerous comments were received indicating the need for additional space on the form for the inclusion of customary recitals and information used locally in real estate settlement. The regulations now provide that an additional page may be attached to HUD–1 for this purpose or, if space on the form permits, this information may be added at the end of the form.

Several comments indicated a need for signature lines other than after line 1400 of the form. The final regulations do not restrict the placing of signature lines on the form. A few commenters suggested that the HUD–1 not be changed from its original format due to the cost of modifying their computer programs. The changes reflected in the revision of the form are based on experience gained from both manual and computer use of the form. The greater flexibility allowed in the final regulations to simplify the design of the form for computer application should minimize extensive reprogramming.

All settlement service charges are to be included in Section L of the HUD–1 except charges for services which (1) are not required by the Lender and (2) are paid for separately outside of settlement. When the lender requires the borrower to secure a settlement service and it is paid outside of settlement, the charge is to be included in Section L and noted as a charge paid outside of settlement.

Many comments requested that the authority to exhaust supplies of the original HUD–1 be extended to all persons conducting settlement as well as lenders. The regulations have been modified to permit this. The form has also been modified to cover situations where the lender is not the person conducting settlement. The person conducting the settlement is required to provide the lender with a copy which contains both buyer and seller information. The lender is required to retain this copy for two years, and, if a copy is required by HUD or another Federal agency, a legible reproduction of this copy may be used.

In enacting the RESPA Amendments, Congress concluded that there were certain RESPA transactions for which use of the Uniform Settlement Statement should not be required. The final regulations exempt from the use of HUD–1, RESPA transactions in which the borrower is not required to pay any settlement charges or adjustments. Also exempted are transactions in which the total amount the borrower is required to pay at settlement is a fixed amount and the borrower is so informed at the time of loan application.

Section 4 of RESPA now requires (1) that the Uniform Settlement Statement be completed and delivered at or before settlement by the person conducting settlement and (2) that on the business day before settlement, the borrower, upon request, be allowed to inspect such Uniform Settlement Statement information as the person conducting settlement has available. HUD was given the authority to exempt from this provision those settlement transactions occurring in localities where the Uniform Settlement Statement is not customarily provided at or before the date of settlement or where meeting this requirement is impractical. Numerous comments were received requesting an exemption. The Department decided not to provide blanket exemptions by jurisdiction as proposed in the March 29 proposed rules because this would result in inequities to borrowers. Exemptions tied to the specific types of transactions were considered more appropriate. The regulations, § 3500.10(d), exempt those particular settlement transactions where the borrower (or the borrower's agent) does not attend the settlement or where the person conducting settlement does not require a meeting. This is intended to cover the "escrow" type closings and special situations where the borrower or borrower's agent traditionally is not present at the settlement. When a transaction qualifies under this exemption, the person conducting settlement is required to mail to both the borrower and the seller the Uniform Settlement Statement as soon as practicable after settlement.

Prohibition Against Kickbacks and Unearned Fees. The proposed rules of March 29 contained regulations pertaining to kickbacks and unearned fees. Most changes in these regulations were limited to clarifying language. A change from the proposed rules is contained in § 3500.14(d) which clarifies the Department's intention that a payment of a thing of value pursuant to an agreement or understanding that settlement will be referred is a violation of Section 8. Two new fact-comment situations, No. 9 and No. 10, were added to Appendix B to respond to industry practices developed partially in response to the Section 8 prohibitions.

Distribution of Revised Booklet and Form. The Department expects that lenders will use regular sources of supplies to secure copies of the Special Information Booklet and HUD–1. Recognizing that regular sources may not have these documents before June 30, the Department intends to provide each lender (supervised by the Federal Home Loan Bank Board, Federal Reserve Board, Federal Deposit Insurance Corporation, Comptroller of the Currency, National Credit Union Administration or HUD) a copy of the final booklet. This copy will be mailed to the lender by the appropriate supervising agency. Lenders will be authorized to duplicate copies for distribution to loan applicants. Lenders who are not supervised by the before mentioned agencies, and who need a copy of the Special Information Booklet and HUD–1, can submit a request to the Assistant Secretary for Consumer Affairs and Regulatory Functions (including a self-addressed label). A copy of both the booklet and the form will be sent. The address is Suite 4100, Attention: RESPA, Department of Housing and Urban Development, 451 7th Street SW., Washington, D.C. 20410.

A finding of inapplicablity of section 102(2)(C) of the National Environmental Policy Act of 1969 has been made with respect to this rule, in accordance with HUD Handbook Section 1300.1. A similar finding of inapplicability, as required by OMB circular A–107, has been made with respect to potential inflation impact of the rule. Copies of these findings are available during regular business hours for public inspection in the Office of the Rules Docket Clerk, Office of the Secretary, Room 10141, Department of Housing and Urban Development, 451 7th Street, SW., Washington, D.C.

Accordingly, Subtitle B of Title 24 is amended by adopting a new Part 3500–Real Estate Settlement Procedures to read as follows:

Sec.

3500.1 Authority, scope and purpose.
3500.2 Definitions.
3500.3 No delegation of authority to HUD field offices.
3500.4 Reliance upon rule, regulation or interpretation by HUD.
3500.5 Coverage of RESPA.
3500.6 Special Information Booklet at time of loan application.

Sec.
3500.7 Good Faith Estimates of Settlement Services.
3500.8 Use of Uniform Settlement Statement Form.
3500.9 Printing and duplication of Uniform Settlement Statement form.
3500.10 One day advance inspection of Uniform Settlement Statement; delivery.
3500.11 Mailing.
3500.12 No fee.
3500.13 Relation to state laws.
3500.14 Prohibitions against kickbacks and unearned fees.

Appendix A—Instructions for completing Uniform Settlement Statement (HUD 1).
Appendix B—Facts and comments on section 8 which provide further clarification of regulations.

AUTHORITY: Real Estate Settlement Procedures Act of 1974, Pub. L. 93-533 (12 U.S.C. 2601 et seq.), Real Estate Settlement Procedures Act Amendments of 1975 (Pub. L. 94-205).

§ 3500.1 Authority, scope and purpose.

This part, which may be referred to as Regulation X, comprises the regulations issued by the Secretary of Housing and Urban Development pursuant to the Real Estate Settlement Procedures Act of 1974 (Pub. L. 93-533), 12 U.S.C. 2061, et seq., as amended by the Real Estate Settlement Procedures Act Amendments of 1975 (Pub. L. 94-205) herein "RESPA".

§ 3500.2 Definitions.

(a) "Date of Settlement" means the date on which the documents creating the security interest in real property become effective as between the borrower and the Lender, except that in the conversion of a construction loan to a permanent security interest in real property to finance purchase by a first user, Date of Settlement shall be the date on which title is transferred as between seller and buyer not subject to revocation by seller or buyer.

(b) "Federally Related Mortgage Loan" is defined in § 3500.5.

(c) "Lender" means the secured creditor or creditors named as such in the debt obligation and document creating the lien or other security interest.

(d) "Mortgaged Property" means the real property covered by the Federally Related Mortgage Loan, or the cooperative unit with respect to which stock is pledged to secure the Federally Related Mortgage Loan.

(e) "Person" means any individual, corporation, partnership, trust, association or other entity.

(f) "RESPA" means the Real Estate Settlement Procedures Act of 1974 (Pub. L. 93-533), U.S.C. 2601 et seq., as amended by the Real Estate Settlement Procedures Act Amendments of 1975 (Pub. L. 94-205).

(g) "Secretary" means the Secretary of Housing and Urban Development or any official delegated the authority of the Secretary with respect to RESPA.

(h) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

§ 3500.3 No delegation of authority to HUD Field Offices.

No authority granted to the Secretary under RESPA has been delegated to HUD Regional Offices, HUD Area Offices or HUD Insuring Offices. Any questions or suggestions from the public regarding RESPA should be directed to the Office of Consumer Affairs and Regulatory Functions, Attention: RESPA, Department of Housing and Urban Development, Room 4100, 451 7th Street, SW., Washington, D.C. 20410.

§ 3500.4 Reliance upon rule, regulation or interpretation by HUD.

(a) Section 19(b) of RESPA provides: "No provision of this Act or the laws of any State imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Secretary or the Attorney General, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judical or other authority to be invalid for any reason."

(b) For purposes of Section 19(b) of RESPA only the following constitute a "rule, regulation, or interpretation thereof by the Secretary":

(1) The Uniform Settlement Statement, HUD-1, and HUD instructions set forth in Appendix A; and

(2) All other provisions, Appendices and Amendments thereto contained in this part, but not including any document referred to in this part except to the extent such document is set forth in this part.

(c) A "rule, regulation, or interpretation thereof by the Secretary" for purposes of section 19(b) of RESPA shall not include the Special Information Booklet prescribed by the Secretary or any other statement or issuance, whether oral or written, by an officer or representative of HUD, letter or memorandum by the Secretary, General Counsel, any Assistant Secretary or other officer or employee of HUD, preamble to a regulation or other issuance of HUD, report to Congress, pleading, affidavit or other document in litigation, pamphlet, handbook, guide, telegraphic communication, explanation, instructions to forms, speech or other material of any nature which is not specifically included in paragraph (b) of this section.

§ 3500.5 Coverage of RESPA.

(a) *Applicability.* RESPA and this part as applicable to all Federally Related Mortgage Loans.

(b) *Definition of Federally Related Mortgage Loan.* "Federally Related Mortgage Loan" means a loan which is not made to finance an exempt transaction specified in subsection (d), below, and which meets all of the following four requirements:

(1) The proceeds of the loan are used in whole or in part to finance the purchase by the borrower, or other transfer of legal title of the Mortgaged Property. Execution of an instrument creating a security interest is not considered to be a transfer of legal title for purposes of this part;

(2) The loan is secured by a first lien or other first security interest covering real estate, including a fee simple, life estate, remainder interest, ground lease or other long-term leasehold estate:

(i) Upon which there is located a structure designed principally for the occupancy of from 1 to 4 families; or

(ii) Upon which there is located a mobile home; or

(iii) Upon which a structure designed principally for the occupancy of from 1 to 4 families is to be constructed using proceeds of the loan; or

(iv) Upon which there will be placed a mobile home to be purchased using proceeds of the loan; or

(v) Which is a condominium unit (or a first lien covering a cooperative unit) designed principally for the occupancy of from 1 to 4 families;

(3) The Mortgaged Property is located in a State; and

(4) The loan (i) is made by a Lender meeting the requirements of paragraph (c), below, or (ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or other officer or agency of the Federal Government, or (iii) is made in connection with a housing or urban development program administered by the Secretary or other agency of the Federal Government, or (iv) is intended to be sold by the originating lender to the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), or the Federal Home Loan Mortgage Corporation (FHLMC), or to a financial institution which intends to sell the mortgage to FHLMC.

(c) A Lender is within paragraph (b)(4)(i) if it is:

(1) A lending institution the deposits or accounts of which are insured by the Federal Savings and Loan Corporation (FSLIC), the Federal Deposit Insurance Corporation (FDIC) or any other agency of the Federal Government.

(2) A lending institution which is regulated by the Federal Home Loan Bank Board or any other agency of the Federal Government, or

(3) A "creditor", as defined in section 103(f) of the Consumer Credit Protection Act (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 in either the calendar year in which the Date of Settlement of the Federally Related Mortgage Loan in question occurs or the calendar year prior thereto, except that the term "creditor" does not include any agency or instrumentality of any state. Section 103(f) of the Consumer Credit Protection Act defines "creditor" as follows:

". . . The term 'creditor' refers only to creditors who regularly extend, or arrange for the extension of, credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, whether in con-

nection with loans, sales of property or services, or otherwise."

(d) *Exempt transactions.* This part shall not apply to:

(1) A loan to finance the purchase or transfer of a property of 25 or more acres;

(2) A home improvement loan, loan to refinance, or other loan where the proceeds are not used to finance the purchase or transfer of legal title to the property;

(3) A loan to finance the purchase or transfer of a vacant lot, where no proceeds of the loan are to be used for the construction of a 1 to 4 family residential structure or for the purchase of a mobile home to be placed on the lot;

(4) An assumption, novation, or sale or transfer subject to a pre-existing loan, except that the use of or conversion of a construction loan to a permanent mortgage loan to finance purchase by the first user;

(5) A construction loan, except where the construction loan is used as or converted to a permanent loan to finance purchase by the first user;

(6) A permanent loan the proceeds of which will be used to finance the construction of a 1 to 4 family structure, where the lot is already owned by the borrower or borrowers;

(7) A loan to finance the purchase of a property where the primary purpose of the purchase is for resale; or

(8) Execution of a land sales contract or installment land contract where the legal title is not transferred to the purchaser upon execution. However, a loan to finance the acquisition of title pursuant to a land sales contract is a Federally Related Mortgage Loan.

§ 3500.6 Special Information Booklet at time of loan application.

(a) *Lender to provide information booklet.* The Lender shall provide a copy of the Special Information Booklet currently prescribed by the Secretary, together with the Good Faith Estimates of closing costs required under Section 3500.7, to every person from whom the Lender receives or for whom it prepares a written application on an application form or forms normally used by the Lender for a Federally Related Mortgage Loan. Where more than one individual applies for a loan, the Lender is in compliance with this requirement if the Lender supplies a copy of the Special Information Booklet to one of the individuals applying. The Lender shall supply the Special Booklet by delivering it or placing it in the mail to the applicant on the day the application is received not later than three business days after the application is received. The Lender shall supply the Good Faith Estimates by delivering or placing the mail or not later than three business days after the application is received.

(b) *Printing and duplication.* The Secretary may from time to time revise the Special Information Booklet. The Special Information Booklet may be printed or reproduced in any form, provided that no change is made, other than as provided under subsection (c) below. The Special Information Booklet may not be made a part of a larger document for purposes of distribution under RESPA and this section. Any color, size and quality of paper, type of print, and method of reproduction may be used so long as the booklet is clearly legible and easily readable.

(c) *Permissible changes.* No changes to, deletions from or additions to the foreword and text of the Special Information Booklet currently prescribed by the Secretary shall be made other than those specified below or any others approved in writing by the Secretary.

(1) The cover of the booklet may be in any form and may contain any drawings, pictures, of artwork, provided that the words "settlement costs" are used in the title. Names, addresses and telephone numbers of the Lender or others and similar information may appear on the cover, but no discussion of the matters covered in the booklet shall appear on the cover.

(2) The Special Information Booklet may be translated into other languages.

§ 3500.7 Good faith estimates of settlement services.

(a) *Lender to provide Good Faith Estimates with information booklet at time of loan application.* The Lender shall provide the Good Faith Estimates required under this section to every person to whom it must provide a copy of the Special Information Booklet under § 3500.6 of this part. Time of provision is set forth in § 3500.6(a).

(b) *Good Faith Estimate.* The Lender shall provide a good faith estimate, as a dollar amount or range, of each charge for a settlement service which the borrower is likely to incur. Each such good faith estimate must bear a reasonable relationship to the charge a borrower is likely to be required to pay at settlement, and must be based upon experience in the locality or area in which the Mortgaged Property is located.

As to each charge with respect to which the Lender requires a particular settlement service provider to be used, the Lender shall make its good faith estimate based upon the Lender's knowledge of the amounts charged by such provider.

(c) *Settlement Services for which Good Faith Estimates are required.* The Lender is required to provide the loan applicant with a Good Faith Estimate for each settlement charge which will be listed in Section L (except item 903 and series 1000 of Section L) of the Uniform Settlement Statement which the Lender anticipates that the borrower will pay at settlement based upon the Lender's general experience as to which party normally pays each charge in the locality.

(d) *Form of Good Faith Estimates.* The Lender may provide the loan applicant with the required Good Faith Estimates on any form, including Section L, of the Uniform Settlement Statement, which the Lender determines to use, if the following requirements are met:

(1) The form must be clear and concise. It shall include the Lender's name. The form shall set forth in bold type the following or a substantially equivalent statement: "This form does not cover all items you will be required to pay in cash at settlement, for example, deposit in escrow for real estate taxes and insurance. You may wish to inquire as to the amounts of such other items." You may be required to pay other additional amounts at settlement.

(2) The terminology shall be identical, so far as practicable, to the terms used in the Uniform Settlement Statement (HUD–1) or the terms which will be inserted in blank spaces in the Uniform Settlement Statement. Lenders are encouraged, but are not required, to set forth the items numbers for each item which appears in the Uniform Settlement Statement (HUD–1).

(3) Additional information relating to a stated item may be provided. Charges which may be grouped together pursuant to the instructions of the Uniform Settlement Statement may be grouped in this disclosure. For example, the amount for several title charges (listed as lines 1101–1106 of the Uniform Settlement Statement) may, in some jurisdictions, customarily be included in an attorney's fee (listed as line 1107).

(e) *Description of Lender's requirements on selection of providers.* Where the Lender requires that a particular provider (or affiliated group of providers, such as a law firm) be used to provide legal services, title examination services or title insurance or to conduct settlement and requires the borrower to pay all or a portion of the cost of such services (regardless of the interests represented by the provider), the Lender is required to include as part of the Good Faith Estimate, a statement which clearly designates the corresponding estimated charges, and states:

(1) The name, address and telephone number of each provider designated by the Lender, the services which would be rendered by such provider, and the fact that Lender's estimate is based upon the charges of the designated provider; and

(2) A statement whether or not each such provider has a business relationship with the Lender.

(f) As to each Federally Related Mortgage Loan which is exempt from the use of the Uniform Settlement Statement by reason of Section 3500.8(d) of this part, the lender shall keep an accurate record for two years of the itemized list of the settlement services provided, the exact charge, if any, which is to be imposed at settlement, and the subparagraph (Section 3500.8(d)(1) or (d)(2)) under which the exemption is granted. With respect to a transaction which is exempt under Section 3500.8(d)(2), the lender shall deliver or place in the mail to the borrower not later than three business days after loan application a statement of

the amount of the fixed charge and a statement of the settlement services and other items covered by such charge.

§ 3500.8 Use of Uniform Settlement Statement Form.

(a) *Use of HUD–1.* As required by section 4 of RESPA, the Uniform Settlement Statement (HUD–1, set forth in Appendix A) shall be used by the person conducting settlement in every Federally Related Mortgage Loan settlement transaction whether or not such person is the Lender. Persons conducting settlements may exhaust supplies of the original HUD–1 which are in stock at the time these regulations take effect.

(b) *Charges to be stated.* The Uniform Settlement Statement, HUD–1, shall be completed to itemize all charges to be paid by the borrower and the seller in connection with the settlement, except those charges not imposed upon the borrower or seller by the Lender and which the borrower or seller contract to pay for separately outside of the settlement. Charges which are required by the Lender but paid outside of closing shall be included on the statement but marked "P.O.C.", as provided in the general instructions to the form. Lines and columns which relate to the borrower's transaction may be deleted from the copy of the form which will be furnished to the seller and lines and columns which relate to the seller's transaction may be deleted from the copy of the form which will be furnished to the borrower.

(c) *Recordkeeping.* The person conducting the settlement shall provide the Lender with a copy of each settlement statement (both borrower's and seller's copies, where different) required to be prepared pursuant to section 4 of RESPA. The Lender shall retain the settlement statement for two years after the date of settlement unless the Lender disposes of its interest in the mortgage and does not service the mortgage. The Lender may permit its copy of the settlement statement to be delivered to the owner or servicer of the mortgage as a part of the transfer of the loan file. If copy of the settlement statement is required to be submitted to the Secretary or other Federal agency, a legible reproduction of the copy retained by the Lender may be used to meet this requirement.

(d) *RESPA Transactions exempt from the use of the Uniform Settlement Statement.* (1) Transactions in which the borrower is not required to pay any settlement charges or adjustments.

(2) Transactions in which the borrower is required to pay a fixed amount for all charges imposed at settlement and the borrower is informed of the fixed amount at the time of loan application.

§ 3500.9 Printing and duplication of Uniform Settlement Statement Form.

(a) *Permissible changes.* The Uniform Settlement Statement form, HUD–1, may be reproduced with the following permissible changes and insertions:

(1) The person reproducing the form may insert in Section A its business name and/or logotype and may rearrange, but not delete, the other information which appears in Section A.

(2) The name, address and other information regarding the Lender and settlement agent (person conducting settlement), respectively, may be printed in Sections F and H.

(3) Reproduction of HUD–1 must conform to the terminology, sequence and numbering of line items as presented in lines 100–1400 which are not used locally or in connection with mortgages by the Lender may be deleted, except for the following: Lines 100, 120, 200, 220, 300, 301, 302, 303, 400, 420, 500, 520, 600, 601, 602, 603, 700, 800, 900, 1000, 1100, 1200, 1300, and 1400. The form may be correspondingly shortened. The number of a deleted item shall not be used for a substitute or new item, but the number of a blank space on HUD–1 may be used for a substitute or new item.

(4) Charges not listed on HUD–1 but which are customary locally or pursuant to the Lender's practice may be inserted in blank spaces; or where existing blank spaces on HUD–1 are insufficient, additional lines and spaces may be added and numbered in sequence with HUD–1 spaces.

(5) The following variations in layout and format are within the discretion of persons reproducing HUD-1 and do not require prior HUD approval: size of pages; tint or color of pages; size and style of type or print; vertical spacing between lines or provision for additional horizontal space on lines (for example, to provide sufficient space for recording time periods used in prorations); printing of HUD-1 contents on separate pages, on the front and back of a single page, or on one continuous page; use of multicopy tear-out sets; printing on rolls for computer purposes; reorganization of Sections B through I where necessary to accommodate computer printing; placement on the form the HUD number but not the OMB approval number, neither of which in any case may be deleted from the form.

(6) The borrower's information and the seller's information may be provided on separate pages.

(7) Signature lines may be added.

(8) The form may be translated into any other language.

(9) An additional page may be attached to HUD-1 for the purpose of including customary recitals and information used locally in real estate settlements, for example, breakdown of payoff figures; a breakdown of mortgagor's total monthly mortgage payments; check disbursements; a statement indicating receipt of funds; applicable special stipulations between buyer and seller; and the date funds are transferred. If space permits, such information may be added at the end of HUD-1.

(b) Any other deviation in the form is only permissible upon receipt of written approval of the Secretary. A request to the Secretary for approval may be submitted in writing to the Assistant Secretary for Consumer Affairs and Regulatory Functions, Attention: RESPA, Room 4100, 451 7th Street, SW., Washington, D.C. 20410, stating the reasons why the applicant believes such deviation is needed. Prior to receiving such approval, the prescribed form must be used.

§ 3500.10 One day advance inspection of Uniform Settlement Statement; delivery.

(a) *Inspection one day prior to settlement.* Except as provided in paragraph (d), upon the request of the borrower, the person conducting the settlement shall permit the borrower to inspect the Uniform Settlement Statement, completed to set forth those items which are known to such person at the time of inspection, during the business day immediately preceding the Date of Settlement.

(b) *Delivery.* The Uniform Settlement Statement shall be delivered or mailed to the borrower and the seller or their agents at or before settlement, except as provided in paragraphs (c) and (d).

(c) *Waiver.* The borrower may waive the right to delivery of the completed Uniform Settlement Statement no later than at settlement by executing a written waiver at or before settlement. In such case, the completed Uniform Settlement Statement shall be mailed or delivered to the borrower and seller as soon as practicable after settlement.

(d) *Exempt transactions.* Where the borrower or the borrower's agent does not attend the settlement or where the person conducting settlement does not require a meeting of the parties for that purpose, the transaction shall be exempt from the requirements of paragraphs (a) and (b) above, except that the Uniform Settlement Statement shall be delivered as soon as practicable after settlement.

§ 3500.11 Mailing.

The provisions of this part requiring or permitting mailing of settlement statements or other documents shall be deemed to be satisfied by placing the document in the mail (whether or not received by the addressee) addressed to the addresses stated in the loan application or in other information submitted to or obtained by Lender at the time of loan application, or submitted to or obtained by the Lender or person conducting settlement, except that a revised address shall be used where the Lender or such other person has been expressly informed in writing of a change of address.

§ 3500.12 No fee.

As provided in section 12 of RESPA, no fee shall be imposed or charge made upon any other person, as a part of settlement costs or otherwise, by a Lender in connection with or on account of the preparation and distribution of the statement required by section 4 of RESPA (Uniform Settlement Statement) or by the Truth in Lending Act.

§ 3500.13 Relation to State laws.

Section 18 of RESPA provides:

This Act does not annul, alter, or affect or exempt any person subject to the provi-

sions of this Act from complying with the laws of any State with respect to settlement practices, except to the extent that those laws are inconsistent with any provision of this Act, and then only to the extent of the inconsistency. The Secretary is authorized to determine whether such inconsistencies exist. The Secretary may not determine that any State law is inconsistent with any provision of this Act if the Secretary determines that such law gives greater protection to the consumer. In making these determinations the Secretary shall consult with the appropriate Federal agencies.

A determination by the Secretary that such an inconsistency exists shall be made, after consultation with appropriate Federal agencies, by publication of a notice in the FEDERAL REGISTER.

§ 3500.14 Prohibition against kickbacks and unearned fees.

(a) *Statutory prohibitions.* Section 8 of RESPA provides:

(a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (A) to attorneys at law for services actually rendered or (B) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (C) by a lender to its duly appointed agent for services actually performed in the making of a loan, (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed,

or (3) payments pursuant to cooperative brokerage and referral arrangements or agreements between real estate agents and brokers, or (4) such other payments or classes of payments or other transfers as are specified in regulations prescribed by the Secretary, after consultation with the Attorney General, the Administrator of Veterans' Affairs, the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Secretary of Agriculture.

(d)(1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion, split, or percentage. In any successful action to enforce the liability under this paragraph, the court may award the court costs of the action together with a reasonable attorney's fee as determined by the court.

(b) *Thing of value.* "Thing of value" is broadly defined by section 3(2) of RESPA to include any payment, advance, fund, loan, service, or other consideration. Under section 8 of RESPA, a thing of value may be provided either directly or indirectly to the person referring settlement business and can take many forms including, but not limited to, monies, things, discounts, salaries, commissions, fees, duplicate payments of a charge, stock, dividends, distributions of partnership profits, credits representing monies that may be paid at a future date, special bank deposits or accounts, banking terms, special loan or loan guarantee terms, services of all types at special or free rates, and sales or rentals at special prices or rates.

(c) *Agreement or understanding.* An agreement or understanding for the referral of settlement business need not be verbalized but may be established by a practice, pattern or course of conduct pursuant to which the payor and recipient of the thing of value understand that the payment is in return for the referral of business. A payment that is made repeatedly and is connected in any way with the volume or value of the business referred to the payor by the recipient is presumptively pursuant to an agreement or understanding.

(d) *Payment of thing of value for referral of business.* Any person who gives and any person who receives any fee, kickback or thing of value that represents compensation for the referral of business incident to or a part of a real estate settlement service is in violation of section 8 of RESPA. The fact that the payment of the thing of value does not result in an increase in the charge made for the settlement service by the payor in the particular transaction is irrelevant in determining whether the payment is prohibited.

(e) *Payment for goods or services actually rendered.* The payment and receipt of a thing of value that bears a reasonable relationship to the value of the goods or services received by the person or company making the payment is not prohibited by RESPA section 8. To the extent the thing of value is in excess of the reasonable value of the goods provided or services performed, the excess is not for services actually rendered and may be considered a kickback or referral fee proscribed by RESPA section 8. The value of the referral itself (i.e., the additional business obtained thereby) is not to be taken into account in determining whether the payment is reasonable.

(f) *Exemptions.* The following are not proscribed by RESPA section 8:

(1) The payment of a fee (a) to attorneys at law for services actually rendered, or (b) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance, or (c) by a Lender to its duly appointed agent for services actually performed in the making of a loan.

(2) The payment to any person of a bona fide salary, compensation or other payment for goods or facilities actually furnished or for services actually performed.

(3) Payments pursuant to cooperative brokerage and referral arrangements or agreements between real estate agents and brokers.

(4) Normal promotional and educational activities not directly conditioned on the referral of business and that do not involve the defraying of expenses that otherwise would be incurred by persons in a position to refer settlement business, such as a reception by a title company, free seminars on title matters to professionals, furnishing property descriptions and names of record owners without charge to persons such as Lenders, real estate brokers or attorneys or distribution of calendars and other promotional material of nominal value.

(5) The waiver by a Lender of the requirement that a borrower pay a prepayment penalty provided in mortgage documents, whether or not such waiver is conditioned upon receipt by the Lender of a loan application from, or the making of a loan to, such borrower or a person purchasing a property from such borrower. This exemption is established pursuant to authority to establish exemptions from Section 8 of RESPA; and is not applicable by analogy to any category of cases other than waiver of prepayment penalties.

(g) *Examples of violations under section 8.* The following are examples of violations under section 8 and are applicable by analogy to other providers of settlement services in addition to those specified in the examples:

(1) A title company pays a portion of the title insurance premium to a person who performs no services for the title company other than placing an application with the title company.

(2) A title company gives a discount or allowance for the prompt payment of a title insurance premium or other charge for a settlement service to a real estate agent, attorney or lender as a rebate for the placement of business with such title company.

(3) An attorney gives a portion of his fees to another attorney, a Lender or a real estate agent who only referred a prospective client to the attorney.

(4) A title company pays a "commission" to a corporation that is wholly owned by one or more Lenders, even though such corporation performs no substantial services on behalf of the title company.

APPENDIX A—INSTRUCTIONS FOR COMPLETING UNIFORM SETTLEMENT STATEMENT (HUD–1)

The following are instructions for completing sections A through L of the Uniform Settlement Statement HUD–1, required under section 4 of RESPA and called Regulation X. This form is to be used as a uniform statement of actual costs and adjustments to be given to the parties in connection with the settlement. The instructions for completion of the form are primarily for the benefit of the persons who prepare the statements and need not be transmitted to the parties as an integral part of the form. Refer to Regulation X of the Department of Housing and Urban De-

velopment (24 CFR Part 3500) to determine if the Uniform Settlement Statement is legally required to be used in a particular mortgage loan transaction. There is no objection of the use of the form in transactions in which its use is not legally required.

GENERAL INSTRUCTIONS

Information and amounts may be filled in by typewriter, hand printing, computer printing, or any other method producing clear and legible results. Copies of the form sent to the borrower and the seller may be carbon copies or other clear legible copies. Refer to Regulation X regarding rules applicable to printing of the form. An additional page may be attached to HUD–1 for the purpose of including customary recitals and information used locally in real estate settlements, for example, a breakdown of payoff figures; a breakdown of mortgagor's total monthly mortgage payments; check disbursements; a statement indicating receipt of funds; applicable special stipulations between buyer and seller; and the date funds are transferred. The reverse side of the form may be used instead of an additional sheet.

Where charges are paid outside of the settlement (normally by separate check), but are included in the requirements of § 3500.8(b), they shall be stated with the notation "P.O.C." (Paid outside closing) and shall not be included in computing totals. In accordance with § 3500.8(b), charges not imposed upon the borrower or seller by the Lender and which borrower or seller contract to pay for separately outside of the settlement, need not be entered on HUD–1.

LINE ITEM INSTRUCTIONS

Instructions for completing the individual items on the form follow. Where no instructions are given, the item is thought to be self-explanatory.

Section A. The Lender, title company, other firm, or other person conducting settlement and preparing the form may insert its name and/or logotype in Section A.

Section B. Check appropriate loan type and complete the remaining items as applicable.

Sections D and E. Fill in the names and current mailing addresses and zip codes of the borrower and the seller. Where there is more than one buyer or seller, the name and address of one is sufficient.

Section G. The street address of the secured property, should be given. If there is no street address, a brief legal description or other location of the property should be inserted. In all cases give the zip code of the property.

Section H. Fill in name, address, and zip code of settlement agent; address and zip code of "place of settlement."

Section J. Summary of Borrower's Transaction. The borrower may be given a copy of the form which does not contain the information filled in under "Summary of Seller's Transaction" (Section K, Series 400, 500, and 600 items).

Lines 104 and 105 are for additional amounts owed by the buyer. For example, the balance in the seller's reserve account held by the Lender, if assigned to the buyer in a loan assumption case, will be entered here. These lines will also be used when a tenant in the property being sold has not yet paid his rent, which the buyer will collect, for a period of time prior to the settlement. The seller will be credited on lines 404–405.

Lines 106 through 112 are for items which the seller had paid in advance, and for which the buyer must therefore reimburse the seller. Examples of items for which adjustments will be made may include taxes and assessments paid in advance for an entire year or other period, when settlement occurs prior to the expiration of the year or other period for which they were paid. Additional examples include flood and hazard insurance premiums, if the buyer is being substituted as an insured under the same policy; mortgage insurance in loan assumption cases; planned unit development or condominium association assessments paid in advance; fuel or other supplies on hand, purchased by the seller, which the buyer will use when buyer takes possession of the property; and ground rent paid in advance.

Line 203 is used for cases in which the buyer is assuming or taking title subject to an existing loan or lien on the property.

Lines 204–209 may be used in cases in which the seller has taken a trade-in or other property from the buyer in part payment for the property being sold. They may also be used in cases in which a seller (typically a builder) is making an "allowance" to the buyer for carpets or drapes which the buyer is to purchase on his own. Such an allowance should also be entered on lines 506 to 509.

Lines 210 through 219 are for items which have not yet been paid, and which the buyer is expected to pay, but which are attributable in part to a period of time prior to the settlement. In jurisdictions in which taxes are paid late in the tax year, most cases will show the proration of taxes in these lines. Other examples include utilities used but not paid for by the seller, rent collected in advance by the seller from a tenant for a period extending beyond the settlement date, and interest on loan assumptions.

Line 303 may indicate either the cash required from the borrower at settlement (the usual case in a purchase transaction) or cash payable to the borrower at settlement (if, for example, the buyer's earnest money deposit exceeded his cash obligations in the transaction). The appropriate box should be checked.

Section K. Summary of Seller's Transaction. The seller may be given a copy of the form which does not contain the information filled in under "Summary of Borrower's Transaction" (Section J, Series 100, 200, and 300 items).

Instructions for the use of lines 106–112, above, apply also to lines 406 to 412.

Line 501. If the seller's real estate broker has received and holds an earnest money deposit which exceeds the commission owed to him, and if he will tender the excess deposit directly to the seller, rather than through the settlement agent, the amount of excess deposit should be entered on line 501.

Line 503 is used if the purchaser is assuming or taking title subject to existing liens which are to be deducted from sales price.

Line 506 through 509 may be used to list additional liens which must be paid off through the settlement to clear title to the property. They may also be used to indicate funds to be held by the settlement agent for

the payment of water, fuel, or other utility bills which cannot be prorated between the parties at settlement because the amounts used by the seller prior to settlement are not yet known.

Instructions for the use of lines 510 through 519 are the same as those for lines 210 to 219 above.

Section L. Settlement Charges. For all items except those paid to and retained by the Lender, the name of the person or firm receiving the payment should be shown. The column which relates to the borrower's transaction may be deleted from the copy of the form which will be furnished to the seller and the column which relates to the seller's transaction may be deleted from the copy of the form which will be furnished to the borrower.

Line 700. If the sales commission paid by the seller is based on a percentage of the purchase price, enter the purchase price, the percentage, and the dollar amount of the total commission paid by the seller.

Lines 701–702 are to be used to state the split of the commission where the person conducting the settlement disburses portions of the commission to two or more agents.

Line 703. If the broker is retaining a part of the earnest money deposit to apply towards his commission, include in lines 703 only that part of the commission being disbursed at settlement.

Line 704 may be used for additional charges made by the sales agent, or for a sales commission charged to the buyer, which will be disbursed by the settlement agent.

Line 801. Enter the fee charged by the Lender for processing or originating the loan. If this fee is computed as a percentage of the loan amount, enter the percentage in the blank indicated.

Line 802. Enter the loan discount charged by the lender, and, if it is computed as a percentage of the loan amount, enter the percentage in the blank indicated.

Line 803. Enter appraisal fees, if there is a charge separate from the origination fee. The VA or FHA appraisal fee is included on line 806.

Line 805 is used only for inspections by the lender or his personnel. Charges for other pest or structural inspections, required by Regulation X to be stated, should be entered in lines 1301–1305.

Line 806 should be used for a VA appraisal fee, FHA application fee (which covers the cost of appraisal for the agency as well), or a fee required by a private mortgage insurance company.

Line 807 is provided for convenience in using the form for loan assumption transactions.

Line 901. If interest is collected at settlement for a part of a month or other period between settlement and the date from which interest will be collected with the first regular monthly payment, enter that amount here. If such interest is not collected until the first regular monthly payment, no entry should be made on line 901.

Lines 1000–1008. This series is used for amounts collected by the Lender from the borrower and held in an account for the future payment of the obligations listed as they fall due. In many jurisdictions this is referred to as an "escrow," "impound," or "trust" account. In addition to the items listed, some Lenders may require reserves for flood insurance, condominium owners association assessments, etc.

Lines 1100–1113. In many jurisdictions the same person (for example, an attorney or a title insurance company) performs several of the services listed in this series and makes a single undifferentiated charge for such services. In such cases, enter the overall fee on line 1107 (for attorneys), or line 1108 (for title companies), and enter on that line the item numbers of the services listed which are covered in the overall fee. If this is done, no amounts should be entered for the individual items which are covered by the overall fee.

Line 1101. Enter here the fee of the person or firm conducting the settlement. In some jurisdictions this is termed a closing or escrow fee. If two or more persons or firms make charges in connection with the same transaction, enter total charges in the appropriate columns, and indicate the breakdown of charges on the line after the word "to."

Lines 1102 and 1103. In some jurisdictions the same person (for example, an attorney) both searches the title (that is, performs the necessary research in the records) and examines title (that is, makes a determination as to what matters affect title, and provides a title report or opinion). If such a person charges only one fee for both services, it should be entered on line 1103. If separate persons perform these tasks, or if separate charges are made for searching and examination, they should be listed separately.

Line 1105. Enter charges for preparation of deeds, mortgages, notes, etc. If more than one person receives a fee for such work in the same transaction, show the total paid in the appropriate column and the individual charges on the line following the word "to."

Lines 1108–1110. Enter the total charge for title insurance (except for the cost of the title binder) on line 1108. Enter on lines 1109 and 1110 the individual charges for the Lender's and owner's policies. Note that these charges are not carried over into the borrower's and seller's columns, since to do so would result in a duplication of the amount in line 1108. If a combination Lender's/owner's policy is available show this amount as an additional entry on line 1109 and 1110.

Lines 1111–1113. These lines are for the entry of other title charges not already itemized. Examples in some jurisdictions would include a fee to a private tax service, a fee to a county tax collector for a tax certificate, and a fee to a public title registrar for a certificate of title under a Torrens Act. Show the Lender's attorney's fee if any on lines 1111–1113.

Lines 1303–1305. Enter on these lines any other settlement charges not referrable to the categories listed above on the form, which are required to be stated by Regulation X. Examples may include structural inspections or pre-sale inspection of heating, plumbing, or electrical equipment. These inspection charges may include a fee for insurance or warranty coverage.

Line 1400. Enter the total settlement charges paid from borrower's funds and seller's funds. These totals are also entered on lines 103 and 502, respectively, in sections J and K.

Form Approved
OMB NO. 63-R-1501

HUD-1 Rev. 3/76

A.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SETTLEMENT STATEMENT

B. TYPE OF LOAN

1. ☐ FHA 2. ☐ FmHA 3. ☐ CONV. UNINS.
4. ☐ VA 5. ☐ CONV. INS.

6. File Number: 7. Loan Number:

8. Mortgage Insurance Case Number:

C. NOTE: *This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.*

D. NAME OF BORROWER:	E. NAME OF SELLER:	F. NAME OF LENDER:
G. PROPERTY LOCATION:	H. SETTLEMENT AGENT: PLACE OF SETTLEMENT:	I. SETTLEMENT DATE:

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		*400. GROSS AMOUNT DUE TO SELLER:*	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower *(line 1400)*		403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		*Adjustments for items paid by seller in advance*	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER		*420. GROSS AMOUNT DUE TO SELLER*	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		*500. REDUCTIONS IN AMOUNT DUE TO SELLER:*	
201. Deposit or earnest money		501. Excess deposit *(see instructions)*	
202. Principal amount of new loan(s)		502. Settlement charges to seller *(line 1400)*	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		*Adjustments for items unpaid by seller*	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER		*520. TOTAL REDUCTION AMOUNT DUE SELLER*	
300. CASH AT SETTLEMENT FROM/TO BORROWER		*600. CASH AT SETTLEMENT TO/FROM SELLER*	
301. Gross amount due from borrower *(line 120)*		601. Gross amount due to seller *(line 420)*	
302. Less amounts paid by/for borrower *(line 220)*	( )	602. Less reductions in amount due seller *(line 520)*	( )
303. CASH (☐ FROM) (☐ TO) BORROWER		*603. CASH (☐ TO) (☐ FROM) SELLER*	

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L. SETTLEMENT CHARGES		PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL SALES/BROKER'S COMMISSION based on price $ @ % =			
Division of Commission (line 700) as follows:			
701. $ to			
702. $ to			
703. Commission paid at Settlement			
704.			
800. ITEMS PAYABLE IN CONNECTION WITH LOAN			
801. Loan Origination Fee %			
802. Loan Discount %			
803. Appraisal Fee to			
804. Credit Report to			
805. Lender's Inspection Fee			
806. Mortgage Insurance Application Fee to			
807. Assumption Fee			
808.			
809.			
810.			
811.			
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE			
901. Interest from to	@ $ /day		
902. Mortgage Insurance Premium for	months to		
903. Hazard Insurance Premium for	years to		
904.	years to		
905.			
1000. RESERVES DEPOSITED WITH LENDER			
1001. Hazard insurance	months @ $ per month		
1002. Mortgage insurance	months @ $ per month		
1003. City property taxes	months @ $ per month		
1004. County property taxes	months @ $ per month		
1005. Annual assessments	months @ $ per month		
1006.	months @ $ per month		
1007.	months @ $ per month		
1008.	months @ $ per month		
1100. TITLE CHARGES			
1101. Settlement or closing fee to			
1102. Abstract or title search to			
1103. Title examination to			
1104. Title insurance binder to			
1105. Document preparation to			
1106. Notary fees to			
1107. Attorney's fees to			
(includes above items numbers;			
1108. Title insurance to			
(includes above items numbers;			
1109. Lender's coverage $			
1110. Owner's coverage $			
1111.			
1112.			
1113.			
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES			
1201. Recording fees: Deed $	; Mortgage $; Releases $		
1202. City/county tax/stamps: Deed $	; Mortgage $		
1203. State tax/stamps: Deed $	; Mortgage $		
1204.			
1205.			
1300. ADDITIONAL SETTLEMENT CHARGES			
1301. Survey to			
1302. Pest inspection to			
1303.			
1304.			
1305.			
1400. TOTAL SETTLEMENT CHARGES (enter on lines 103, Section J and 502, Section K)			

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APPENDIX B—FACTS AND COMMENTS ON SECTION 8 WHICH PROVIDE FURTHER CLARIFICATION OF REGULATIONS

The following illustrations provide additional guidance on the meaning and coverage of Section 8 of RESPA. While particular illustrations may refer to particular providers of settlement services, such illustrations are applicable by analogy to providers of settlement services other than those specifically mentioned. It should be noted that other provisions of Federal or state law may be applicable to the practices and payments discussed in the following illustrations.

1. *Facts.* A, a provider of settlement services, maintain and abnormally large balance in a non-interest bearing account with B, a mortgage lender, pursuant to an understanding that B will refer borrowers of Federally Related Mortgage Loans to A for the purchase of settlement sevices in connection with the settlement of such loans.

Comments. Allowing B to use the deposited funds at no interest appears to be a thing of value given by A to B pursuant to an agreement or understanding that business incident to a real estate settlement shall be referred to A in violation of Section 8 of RESPA. The maintenance of any accounts reasonably needed by A in the normal course of its business would not be a violation of Section 8.

2. *Facts.* B, a lender of Federally Related Mortgage Loans, pays A, a real estate agent, a fee of $25 per transaction purportedly for services performed such as arranging for B's appraiser to visit the property. The purported services for which the fee is paid are services that real estate agents frequently perform as part of their services and the fee is really intended to enable B to compensate A for referring potential borrowers to B.

Comments. Both A and B are in violation of Section 8 of RESPA, since the fee is being paid in compensation for the referral of business rather than for legitimate services actually rendered by B on behalf of A.

3. *Facts.* A, a provider of settlement services, provides settlement services at abnormally low rates or at no charge at all to B, a builder, in connection with a subdivision being developed by B. B agrees to refer purchasers of the completed homes in the subdivision to A for the purchase of settlement services in connection with the sale of individual lots by B.

Comments. The rendering of services by A to B at little or no charge constitutes a thing of value given by A to B in return for the referral of settlement business and both A and B are in violation of Section 8 of RESPA.

4. *Facts.* B, a Lender, encourages persons who receive Federally Related Mortgage Loans from it to employ A, an attorney, to search title and perform related settlement services in connection with their transaction. B and A have an understanding that in return for the referral of this business A will provide legal services to B or B's officers or employees at abnormally low rates or for no charge.

Comments. Both A and B are in violation of Section 8 of RESPA.

5. *Facts.* A, a provider of settlement services, pays referral fees to persons who refer settlement business on commercial real estate to A.

Comments. While commercial transactions are not covered by RESPA, the payment of such referral fees would be a violation of Section 8 if they involve indirect compensation for the referral of settlement business covered by RESPA.

6. *Facts.* A, a real estate broker, obtains all necessary licenses under state law to act as a title insurance agent. A refers individuals who are purchasing homes in transactions in which A participates as a broker to B, a title company, for the purchase of title insurance services. A fills out a simple form but performs no other services in connection with the issuance of the title insurance policy. B pays A a commission for the transaction.

Comments. The payment of a commission by B to A under circumstances where no substantial services are being provided by A to B is a violation of Section 8 of RESPA.

7. *Facts.* A, a "mortgage originator" or "mortgage broker", receives loan applications and refers borrowers to lenders for a fee.

Comments. If A performs services such as obtaining credit and appraisal information or preparing an application for mortgage insurance or guarantee which are of value to the Lender paying the fee, without reference to the referral value of such services, and the fees paid bear a reasonable relationship to the value of such services, the payment of such a fee would not be in violation of Section 8 of RESPA.

8. *Facts.* A, a title insurance company, provides among its other services an "Insured Closing Service Letter". Under this letter, for which no separate or additional charge is made, the company agrees to provide indemnity against loss due to certain fraudulent or negligent acts of the company's policy-issuing agents or approved attorneys in complying with closing instructions and in conducting the closing of any transaction in connection with which a policy of title insurance is to be issued by A.

Comments. Where A has provided such an Insured Closing Service Letter to a specified person and the protection afforded thereby is effective without regard to whether the particular case was referred to A by the person receiving protection under such letter, the provision of the letter would not be pursuant to an agreement or understanding that settlement services be referred, and therefore not in violation of Section 8.

9. *Facts.* A, a service corporation, is a title insurance agent for B, a title insurance company. The search and examination of title, in connection with applications for title insurance policies prepared by A, are performed by employees of B. Employees of B also make any determinations as to the insurability of title. A issues title insurance policies on behalf of B and receives a commission equal to the amount paid other title insurance agents in the community, including other agents of B, who perform the title search and examination as well as prepare and issue the title insurance policy.

Comments. While A may be performing some real service for B, the fact that the amount of the commission received by A is equal to the commissions customarily paid to full-service title insurance agents who perform substantially greater and more valuable services indicates that the commission paid by B to A is really intended to compensate A for the referral of business. The amount by which the commission exceeds the reasonable value of the services rendered by A to B would be a referral fee prohibited by Section 8 of RESPA. Section 8 does not prohibit variations in the amount of commissions that may be paid, nor does it require that the quantum of services rendered be identical in all cases, so long as services significant to the issuance of a title insurance policy are rendered and the amount of the commission bears a reasonable relationship to the services rendered.

10. *Facts.* A, a real estate broker, refers title business to B, a company that is a licensed title agent for C, a title insurance company. A is part owner of B. B performs the title search and examination, makes determinations of insurability and issues a policy of title insurance on behalf of C, for which C pays B a commission. B pays annual dividends to its owners, including A, based on the relative amount of business each of its owners refers to B.

Comments. While the payments of a commission by C to B is not a violation of Section 8 of RESPA, if the amount of the commission constitutes reasonable compensation for the services performed by B for C, the payment of a dividend or the giving of any other thing of value by B to A that is based on the amount of business referred to B by A constitutes a violation of Section 8. Similarly, if the amount of stock held by A in B (or, if B were a partnership, the distribution of partnership profits by B to A) varied in proportion to the amount of business referred or expected to be referred, or if B retained any funds for subsequent distribution to A where such funds were generally in proportion to the amount of business A referred to B, such arrangements would constitute violations of section 8.

CONSTANCE B. NEWMAN,
Assistant Secretary for Consumer Affairs and Regulatory Functions, U.S. Department of Housing and Urban Development.

[FR Doc.76-15864 Filed 6-1-76;9:50 am]

CHAPTER XX—OFFICE OF ASSISTANT SECRETARY FOR CONSUMER AFFAIRS AND REGULATORY FUNCTIONS, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. R-76-394]

PART 3500—REAL ESTATE SETTLEMENT PROCEDURES ACT

Corrections

In Part III of the FEDERAL REGISTER for Friday, June 4, 1976, appearing on pages 22702–22712, the following corrections should be made:

§ 3500.6 [Amended]

1. Page 22705, § 3500.6(a) is corrected by inserting in the third sentence the word "Information" after the word "Special", and by inserting the word "but" after the word "received"; by inserting the words "them in" after the word "placing", and deleting the word "or" after the word "mail" in the fourth sentence; and by deleting in the last sentence the period after the word "Board" and adding the words "unless provided elsewhere."

§ 3500.7 [Amended]

2. Page 22705, § 3500.7(d)(1) delete the quotation mark after the word "items" and add a quotation mark after the phrase "amounts at settlement".

§ 3500.9 [Amended]

3. Page 22706, section 3500.9(a)(3) is corrected by inserting in the first sentence a period after the words "lines 100–1400" and inserting the phrase "However, blank lines or items listed in lines 100–1400" before the word "which".

4. Page 22706, Section 3500.9(a)(5) is corrected by inserting the word "of" after the word "form" in the last sentence.

5. On page 22709, the paragraph dealing with lines 1111–1113 is corrected by *deleting the last sentence* and adding the following, "Show the attorney's fees for legal representation on lines 1111–1113."

6. On page 22712, add the following phrase: "*Effective date:* June 30, 1976" before the signature block.

Effective June 8, 1976.

CONSTANCE B. NEWMAN,
Assistant Secretary for Consumer Affairs and Regulatory Functions.

[FR Doc.76-17093 Filed 6-10-76;8:45 am]

SETTLEMENT COSTS

A HUD Guide

U.S. Department of Housing and Urban Development
June 1976

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SETTLEMENT COSTS

INTRODUCTION

For many people, buying a home is the single most significant financial step of a lifetime. The Real Estate Settlement Procedures Act (RESPA), a Federal statute, helps to protect you at this step.

Settlement is the formal process by which ownership of real property passes from seller to buyer. It is the end of the home buying process, the time when title to the property is transferred from the seller to the buyer.

RESPA covers most residential mortgage loans used to finance the purchase of one to four family properties, such as a house, a condominium or cooperative apartment unit, a lot with a mobile home, or a lot on which you will build a house or place a mobile home using the proceeds of the loan.

RESPA was not designed to set the prices of settlement services. Instead, it provides you with information to take the mystery out of the settlement process, so that you can shop for settlement services and make informed decisions.

This information booklet was prepared as provided in RESPA by the Office of Consumer Affairs and Regulatory Functions of the U.S. Department of Housing and Urban Development.

Part One of this booklet describes the settlement process and nature of charges and suggests questions you might ask of lenders, attorneys and others to clarify what services they will provide you for the charges quoted. It also contains information on your rights and remedies available under RESPA, and alerts you to unfair or illegal practices.

Part Two of this booklet is an item-by-item explanation of settlement services and costs, with sample forms and worksheets that will help you in making cost comparisons. Remember that terminology varies by locality so that terminology used here may not exactly match that used in your area. For example, settlement is sometimes called closing and settlement charges are frequently referred to as closing costs.

PART I

WHAT HAPPENS AND WHEN

Suppose you have just found a home you would like to buy. In a typical situation, when you reach an agreement with the seller on the price, you then sign a sales contract. The terms of the sales contract can be negotiated to your benefit, as the booklet explains below.

Next you will probably seek a mortgage to finance the purchase. This booklet suggests questions you should raise as you shop for a lender.

When you file your application for a loan, the lender is required by RESPA to provide a good faith estimate of the costs of settlement services and a copy of this booklet. The lender has three business days, after written loan application, to mail these materials to you.

Between loan application time and settlement, you usually have a chance to shop for settlement services, to ensure that you will obtain good value for your money.

Finally, one business day before settlement, if you so request, the person conducting the settlement must allow you an opportunity to see a Uniform Settlement Statement that shows whatever figures are available at that time for settlement charges you will be required to pay. At settlement, the completed Uniform Settlement Statement will be given to you.

Note: In some parts of the country where there is no actual settlement meeting, or in cases where neither you nor your authorized agent attends the closing meeting, the person conducting settlement has the obligation to deliver the Uniform Settlement Statement to you by mail.

There is no standard settlement process followed in all localities; therefore, what you experience, involving many of the same services, will probably vary from the description in this booklet.

SHOPPING FOR SERVICES

When settlement arrives, you are committed to the purchase of the property and may have made a partial payment, sometimes called earnest money, to the seller or his agent. Services may have been performed for which you are obligated to pay. Unless a seller fails to perform a legally binding promise or has acted in a fraudulent fashion, you are normally obligated to complete your part of the contract and pay settlement costs. Thus the time to decide the terms of sale, raise questions, and establish fair fees is not at time of settlement, but earlier, when you negotiate with the seller and providers of settlement services. By the time of settlement, any changes in settlement costs and purchase terms may be difficult to negotiate.

You can also negotiate with the seller of the house about who pays various settlement fees and other charges. There are generally no fixed rules about which party pays which fees, although in many cases this is largely controlled by local custom.

Among the many factors that determine the amount you will pay for settlement costs are the location of your new home, the type of sales contract you negotiate, the arrangements made with the real estate broker, the lender you select, and your decisions in selecting the various firms that provide required settlement services.

If the chosen house is located in a "special flood hazard area," identified as such by HUD on a flood insurance map, the lender may require you to purchase flood insurance pursuant to Federal law (See page 23). Information on flood insurance availability, limits of coverage and copies of maps can be obtained through the National Flood Insurers Association servicing company for your State or by calling HUD toll free numbers 800-424-8872 or 73.

Role of the Broker

Although real estate brokers provide helpful advice on many aspects of home buying, and may in some areas supervise the settlement, they normally serve the interests of the seller, not the buyer. The broker's basic objective is to obtain a signed contract of sale which properly expresses the agreement of the parties, and to complete the sale. However, as state licensing laws require that the broker be fair in his dealings with all parties to the transaction, you should feel free to point this out to the broker if you feel you are being treated unfairly.

A broker may recommend that you deal with a particular lender, title company, attorney, or other provider of settlement services. Ask brokers why they recommend a particular company or firm in preference to others. Advise them that while you welcome their suggestions (and, indeed, they probably have good contacts), you reserve the right to pick your own providers of services.

Negotiating a Sales Contract

If you have obtained this booklet before you have signed a sales contract with the seller of the property, here are some important points to consider regarding that contract.

The sales agreement you and the seller sign can expressly state which settlement costs you will pay and which will be paid by the seller although some may be negotiable up to time of settlement. Buyers can and do negotiate with sellers as to which party is to pay for specific settlement costs. The success of such negotiations depends upon factors such as how eager the seller is to sell and you are to buy, the quality of the house itself, how long the house has been on the market, whether other potential buyers are interested, and how willing you are to negotiate for lower costs. If the contract is silent on these costs, they are still open to negotiation.

There is no standard sales contract which you are required to sign. You are entitled to make any modifications or additions in any standard form contract to which the seller will agree. You should consider including the following clauses:

. The seller provides title, free and clear of all liens and encumbrances except those which you specifically agree to in the

contract or approve when the results of the title search are reported to you. You may negotiate as to who will pay for the title search service to determine whether the title is "clear."

. A refund of your deposit (earnest money) be made by the seller or escrow agent, and cancellation of the sale if you are unable to secure from a lending institution a first mortgage or deed-of-trust loan with an amount, interest rate, and length of term, as set forth in the contract, within a stated time period.

. A certificate be provided at time of settlement, stating that the house is free from termites or termite damage.

. A certificate that the plumbing, heating, electrical systems and appliances are in working order, and that the house is structurally sound. Negotiate who pays for any necessary inspections. There is no uniform custom in most areas. Many buyers prefer to pay for these inspections because they want to know that the inspector is conducting the service for them, not for the seller. (You can also purchase a warranty to back up the inspection, if you wish.)

. An agreement be reached on how taxes, water and sewer charges, premiums on existing transferable insurance policies, utility bills, interest on mortgages, and rent (if there are tenants) are to be divided between buyer and seller as of the date of the settlement.

Before you sign the sales contract, make sure that it correctly expresses your agreement with the seller on such important details as the sales price of the home, method of payment, the time set for your taking possession, what fixtures, appliances, and personal property are to be sold with the home, and the other items described above.

The above list is not complete, but does illustrate the importance of the sales agreement and its terms. Before you sign a sales contract you may want to ask an attorney to review the proposed agreement and determine if it protects your interests for once signed, the contract is binding on you and the seller. If you do not know of an attorney you may wish to consult the local bar association referral service or neighborhood legal service office.

Selecting an Attorney

If you seek the aid of an attorney, first ask what services will be performed for what fee. If the fee seems too high, shop for another lawyer. Does the attorney have substantial experience in real estate?

The U. S. Supreme Court has said that it is illegal for bar associations to fix minimum fee schedules for attorneys, so do not be bashful about discussing and shopping for legal fees you can afford. Your attorney will understand.

Questions you may wish to ask the attorney include: What is the charge for reading documents and giving advice concerning them? For being present at settlement? Will the attorney represent any other party in the transaction in addition to you? In some areas attorneys act as closing agents handling the mechanical aspects of the settlement. A lawyer who does this may not fully represent your interests since as closing agent, he would be representing the seller and other interests as well.

Selecting a Lender

Your choice of lender will influence not only your settlement costs, but also the monthly cost of your mortgage loan.

Lending institutions require certain settlement services, such as a new survey or title insurance, or they may charge you for other settlement-related services, such as the appraisal or credit report. You may find, in shopping for a lender, that other institutions may not have such requirements. Part Two of this booklet provides a descriptions of the various kinds of services that may be required and fees that may be charged to you. You will also find a worksheet in Part Two, which you can use to compare requirements and cost estimates from different lenders.

Many lending institutions deal regularly with certain title companies, attorneys, appraisers, surveyors, and others in whom they have confidence. They may want to arrange for settlement services to be provided through these parties. This booklet discusses your rights in such a situation under the section below on Homebuyer's Rights.

If you choose a lending institution which allows you a choice of settlement service providers, you should shop and compare among the providers in your area, to find the best service for the best price. Where the lender designates the use of particular firms, check with other firms to see if the lender's stated charges are competitive.

Questions you may want to ask the lender should include these:

. Are you required to carry life or disability insurance? Must you obtain it from a particular company? (You may prefer no insurance or may wish to obtain it at a better premium rate elsewhere.)

. Is there a late payment charge? How much? How late may your payment be before the charge is imposed? You should be aware that late payments may harm your credit rating.

. If you wish to pay off the loan in advance of maturity (for example, if you move and sell the house), must you pay a prepayment penalty? How much? If so, for how long a period will it apply?

. Will the lender release you from personal liability if your loan is assumed by someone else when you sell your house?

. If you sell the house and the buyer assumes your loan, will the lender have the right to charge an assumption fee, raise the rate of interest, or require payment in full of the mortgage?

. If you have a financial emergency, will the terms of the loan include a future advances clause, permitting you to borrow additional money on the mortgage after you have paid off part of the original loan?

. Will you be required to pay monies into a special reserve (escrow or impound) account to cover taxes or insurance? If so, how large a deposit will be required at the closing of the sale? The amount of reserve deposits required is limited under RESPA. Some recent state laws have required that these accounts bear interest for the benefit of the borrower (buyer). If reserve requirements can be waived, you will be responsible for paying the particular charges for taxes or insurance directly to the tax collector or insurance company. Further information is in "Reserve Accounts" in Part Two of this booklet.

. In looking for the best mortgage to fit your particular financial needs, you may wish to check the terms and requirements of a private conventional loan versus a loan insured through the Federal Housing Administration or Farmers Home Administration or guaranteed by the Veterans Administration. The FHA, VA, and Farmers Home Administration loans involve Federal ceilings on permissible charges for some settlement services, which may be of interest to you. Ask lenders about these programs. Another source of information about the federally insured or guaranteed programs is from public documents some of which are listed in the bibliography of this booklet.

. If you are dealing with the lender who holds the existing mortgage, you might be able to take over the prior loan, in a transaction called "assumption". Assumption usually saves money in settlement costs if the interest rate on the prior loan is lower than that being asked in the market. In times of inflation in the housing market, a higher downpayment might be required than if you had obtained a new loan. You may want to ask the seller whether he would be willing to "take back" a second mortgage to finance part of the difference between the assumed loan and the sales price.

Selecting a Settlement Agent

Settlement practices vary from locality to locality, and even within the same county or city. In various areas settlements are conducted by lending institutions, title insurance companies, escrow companies, real estate brokers, and attorneys for the buyer or seller. By investigating and comparing practices and rates, you may find that the first suggested settlement agent may not be the least expensive. You might save money by taking the initiative in arranging for settlement and selecting the firm and location which meets your needs.

Securing Title Services

A title search may take the form of an abstract, a compilation of pertinent legal documents which provides a condensed history of the property ownership and related matters. In many areas title searches are performed by extracting information from the public record without assembling abstracts. In either situation, an expert examination is necessary to determine the status of title and this is normally made by attorneys or title company employees. In areas where both title insurance companies and attorneys perform these and other settlement services, compare fees for services (such as title certification, document preparation, notary fee, closing fee, etc.), provided by each to determine the better source for these services.

In many jurisdictions a few days or weeks prior to settlement the title insurance company will issue a binder (sometimes called a Commitment to Insure) or preliminary report, a summary of findings based on the search or abstract. It is usually sent to the lender for use until the title insurance policy is issued after the settlement. The binder lists all the defects in and liens against the title identified by the search. You should arrange to have a copy sent to you (or to an attorney who represents you) so that you can raise an objection if there are matters affecting the title which you did not agree to accept when you signed the contract of sale.

Title insurance is often required to protect the lender against loss if a flaw in title is not found by the title search made when the house is purchased. You may also get an owner's title policy to protect yourself. In some states, attorneys provide bar-related title insurance as part of their services in examining title and providing a title opinion. In these states the attorney's fee may include the title insurance premium, although the total title-related charges in the transaction should be taken into account in determining whether you will realize any savings.

Bear in mind that a title insurance policy issued only to the lender does not protect you. Similarly, the policy issued to a prior owner, such as the person from whom you are buying the house, does not protect you. To protect yourself from loss because of a mistake made by the title searcher, or because of a legal defect of a type which does not appear on the public records, you will need an owner's policy. Such a mistake rarely occurs but, when it does, it can be financially devastating to the uninsured. If you buy an owner's policy it is usually much less expensive if purchased simultaneously with a lender's policy.

To reduce title insurance costs, be sure to compare rates among various title insurance companies, and ask what services and limitations on coverage are provided by each policy so that you can decide whether a higher rate is consistent with your needs.

Depending upon practice in your jurisdiction, there may be no need for a full historical title search each time title to a home is transferred. If you are buying a home which has changed hands within the last several years, inquire at the title company that issued the previous title insurance policy about a "reissue rate," which would be a lower charge than for a new policy. If the title insurance policy of the previous owner is available, take it to the title insurer or lawyer whom you have selected to do your search.

To mark the boundaries of the property as set out in the title, lenders may require a survey. A homebuyer may be able to avoid the cost of a repetitive complete survey of the property if he can locate the surveyor who previously surveyed the project which he can update. However, the requirements of investors who buy loans originated by your lender may limit the lender's discretion to negotiate this point. Check with the lender or title company on this.

HOMEBUYER'S RIGHTS

Information Booklet

When you submit or the lender prepares your written application for a loan, the lender is legally required, under RESPA to give you a copy of this booklet.

If the lender does not give it to you in person on the day of your loan application, he must put it in the mail to you no later than three business days after your application is filed.

Good Faith Estimates

When you file your application for a loan, the lender must also, under the terms of RESPA, provide you with good faith estimates of settlement services charges you will likely incur. If he does not give it to you, he has three business days in which to put it in the mail.

See Part Two of this booklet for a full item-by-item discussion of settlement services. On the form entitled "Settlement Statement," you will find Section L, which lists possible settlement services and charges you will encounter.

The lender is required to give you his good faith estimate, based upon his experience in the locality in which the property is located, for each settlement charge in Section L that he anticipates you will pay, except for paid in advance hazard insurance premium (line 903) and reserves deposited with the lender (all Section 1000 items). The estimate may be stated as either a dollar amount or range for each charge. Where the lender designates the use of a particular firm, the lender must make its good faith estimate based upon the lender's knowledge of the amounts charged by the firm. The form used for this good faith estimate must be concise and clear, and the estimates must bear a reasonable relationship to the costs you will likely incur. If the lender provides you good faith estimates in the form of ranges, ask the lender what the total settlement costs will most likely be. While the lender is not obligated to provide this information under RESPA, it is important for you to know as you evaluate the different mortgage packages being offered you.

Lenders were not required to give good faith estimates for reserves deposited with them or for the prepaid hazard insurance premium because these charges require information not normally known to the lender at time of loan application. It is important for you to make these calculations because they can represent a sizeable cash payment you may have to make at settlement. Calculation of the reserve items is presented later in this booklet under "Reserve Accounts." Ask the lender what his policies are in terms of reserve accounts, for what items the lender requires reserves and for what period of time. You may want to ask the lender to run through a hypothetical calculation for you based upon the date you will most likely close on the house. Other assumptions may be necessary, for example, the assessed value of the property for determining property taxes. The lender can probably be more

specific on hazard insurance premiums, particularly for those coverages which a lender requires.

Once you have obtained these estimates from the lender be aware that they are only estimates. The final costs may not be the same. Estimates are subject to changing market conditions, and fees may change. Changes in the date of settlement may result in changes in escrow and proration requirements. In certain cases, it may not be possible for the lender to anticipate exactly the pricing policies of settlements firms. Moreover, your own careful choice of settlement firms might result in lower costs, just as hasty decisions might result in higher costs. Remember that the lender's estimate is not a guarantee.

Lender Designation of Settlement Service Providers

Some lending institutions follow the practice of designating specific settlement service providers to be used for legal services, title examination services, title insurance, or the conduct of settlement.

Where this occurs tne lender, under RESPA, is required to provide you as part of the good faith estimates a statement in which the lender sets forth:

(1) The name, address and telephone number of each provider he has designated. This must include a statement of the specific services each designated firm is to provide for you, as well as an estimate of the amount the lender anticipates you will have to pay for the service, based on the lender's experience as to what the designated provider usually charges. If the services or charges are not clear to you, ask further questions.

(2) Whether each designated firm has a business relationship with the lender.

While designated firms often provide the services needed, a conflict of interest may exist. Take for example the situation where the provider must choose between your interests and those of the lender. Where legal services are involved, it is wise to employ your own attorney to ensure that your interests are properly protected. It is wise for you to contact other firms to determine whether their costs are competitive and their services are comparable.

Disclosure of Settlement Costs One Day Before Closing and Delivery

One business day before settlement, you have the right to inspect the form, called the Uniform Settlement Statement, on which are itemized the services provided to you and fees charged to you.

This form (developed by the U.S. Department of Housing and Urban Development) is filled out by the person who will conduct the settlement meeting. Be sure you have the name, address, and telephone number of the settlement agent if you wish to inspect this form or if you have any questions.

The settlement agent may not have all costs available the day before closing, but is obligated to show you, upon request, what is available.

The Uniform Settlement Statement must be delivered or mailed to you (while another statement goes to the seller) at or before settlement. If, however, you waive your right to delivery of the completed statement at settlement, it will then be mailed at the earliest practicable date.

In parts of the country where the settlement agent does not require a meeting, or in cases where you or your agent do not attend the settlement, the statement will be mailed as soon as practicable after settlement and no advance inspection is required.

The Uniform Settlement Statement is not used in situations where: (1) there are no settlement fees charged to the buyer (because the seller has assumed all settlement-related expenses), or (2) the total amount the borrower is required to pay for all charges imposed at settlement is determined by a fixed amount and the borrower is informed of this fixed amount at the time of loan application. In the latter case, the lender is required to provide the borrower, within three business days of application, an itemized list of services rendered.

Escrow Closing

Settlement practices differ from state to state. In some parts of the country, settlement may be conducted by an escrow agent, which may be a lender, real estate agent, title company representative, attorney, or an escrow company. After entering into a contract of sale, the parties sign an escrow agreement which requires them to deposit specified documents and funds with the agent. Unlike other types of closing, the parties do not meet around a table to sign and exchange documents. The agent may request a title report and policy; draft a deed or other documents; obtain rent statements; pay off existing loans; adjust taxes, rents, and insurance between the buyer and seller; compute interest on loans; and acquire hazard insurance. All this may be authorized in the escrow agreement. If all the papers and monies are deposited with the agent within the agreed time, the escrow is "closed".

The escrow agent then records the appropriate documents and gives each party the documents and money each is entitled to receive, including the completed Uniform Settlement Statement. If one party has failed to fulfill his agreement, the escrow is not closed and legal complications may follow.

Truth-in-Lending

The lender is required to provide you a Truth-in-Lending statement by the time of loan consummation which disclosed the annual percentage rate or effective interest rate which you will pay on your mortgage loan. This rate may be higher than the contract interest rate because the latter includes only interest, while the annual percentage rate includes discount points, fees, and financing charges and certain other charges besides on the loan. The Truth-in-Lending statement will also disclose any additional charges for prepayment should you pay off the remaining balance of the mortgage before it is due.

Lenders are not required to provide you a Truth-in-Lending disclosure at the time of loan application, when the good faith estimate of settlement costs and this informational booklet are given to you. However, since the annual percentage rate the lender will be charging you is an important item of information which you can use as you shop for services, you may want to request its disclosure at time of loan application.

Protection Against Unfair Practices

A principal finding of Congress in the Real Estate Settlement Procedures Act of 1974 is that consumers need protection from "...unnecessarily high settlement charges caused by certain abusive practices that have developed in some areas of the country." The potential problems discussed below may not be applicable to most loan settlements, and the discussion is not intended to deter you from buying a home. Most professionals in the settlement business will give you good service. Nevertheless, you may save yourself money and worry by keeping the following considerations in mind:

Kickbacks. Kickbacks and referrals of business for gain are often tied together. The law prohibits anyone from giving or taking a fee, kickback, or anything of value under an agreement that business will be referred to a specific person or organization. It is also illegal to charge or accept a fee or part of a fee where no service has actually been performed. This requirment does not prevent agents for lenders and title companies, attorneys, or others actually performing a service in connection with the mortgage loan or settlement transaction, from receiving compensation for their work. It also does not prohibit payments pursuant to cooperative brokerage, such as a multiple listing service, and referral arrangements or agreements between real estate agents and brokers.

The prohibition is aimed primarily at eliminating the kind of arrangement in which one party agrees to return part of his

fee in order to obtain business from the referring party. The danger is that some settlement fees can be inflated to cover payments to this additional party, resulting in a higher total cost to you. There are criminal penalties of both fine and imprisonment for any violation of these provisions of law. There are also provisions for you to recover three times the amount of the kickback, rebate, or referral fee involved, through a private lawsuit. In any successful action to enforce your right, the court may award you court costs together with a fee for your attorney.

Title Companies. Under the law, the seller may not require, as a condition of sale, that title insurance be purchased by the buyer from any particular title company. A violation of this will make the seller liable to you in an amount equal to three times all charges made for the title insurance.

Fair Credit Reporting. There are credit reporting agencies around the nation which are in the business of compiling credit reports on citizens, covering data such as how you pay your bills, if you have been sued, arrested, filed for bankruptcy, etc.. In addition, this file may include your neighbors' and friends' views of your character, general reputation, or manner of living. This latter information is referred to as an "investigative consumer report."

The Fair Credit Reporting Act does not give you the right to inspect or physically handle your actual report at the credit reporting agency, nor to receive an exact copy of the report. But you are entitled to a summary of the report, showing the nature, substance, and sources of the information it contains.

If the terms of your financing have been adversely affected by a credit report, you have the right to inspect the summary of that report free of charge (there may otherwise be a small fee). The accuracy of the report can also be challenged, and corrections required to be made. For more detailed information on your credit report rights, contact the Federal Trade Commission (FTC) in Washington, D. C. or the nearest FTC regional office. The FTC Buyer's Guide No. 7: Fair Credit Reporting Act is a good summary of this Act.

Equal Credit Opportunity. The Equal Credit Opportunity Act prohibits lenders from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. If you feel you have been discriminated against by any lender, you may have a private right of legal action against that lender and you may wish to consult an attorney; or you may wish to consult the Federal agency that administers compliance with this law concerning the lender you suspect has violated your rights thereunder. Inquire of the lender regarding the identity of that agency. You may also contact your regional Federal Reserve Bank about your rights under this Act.

The Right to File Complaints

As with any consumer problems, the place to start if you have a complaint is back at the source of the problem (the lender, settlement agent, broker, etc.). If that initial effort brings no satisfaction and you think you have suffered damages through violations of the Real Estate Settlement Procedures Act of 1974, as amended, you may be entitled to bring a civil action in the U.S. District Court for the District in which the property involved is located, or in any other court of competent jurisdiction. This is a matter best determined by your lawyer. Any suit you file under RESPA must be brought within one year from the date of the occurrence of the alleged violation. You may have legal remedies under other State or Federal laws in addition to RESPA.

You should note that RESPA provides for specific legal sanctions only under the provisions which prohibit kickbacks and unearned fees, and which prohibit the seller from requiring the buyer to use a particular title insurer. If you feel you should recover damages for violations of any provision of RESPA, you should consult your lawyer.

Most settlement service providers, particularly lenders, are supervised by some governmental agency at the local, State and/or Federal level. Others are subject to the control of self-policing associations. If you feel a provider of settlement services has violated RESPA, you can address your complaint to the agency or association which has supervisory responsibility over that provider. For the names of such agencies or associations you will have to check with local and State governments or consumer agencies operating in your area. You are also encouraged to forward a copy of complaints regarding RESPA violations to the HUD Office of Consumer Affairs and Regulatory Functions, which has the primary responsibility for administering the RESPA program. Your complaints can lay the foundation for future legislative or administrative actions.

Send copies of complaints, and inquiries, to:

Assistant Secretary for Consumer Affairs and
Regulatory Functions
Attention: RESPA Office
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Room 4100
Washington, D.C. 20410

THE HOMEBUYER'S OBLIGATIONS (REPAYMENT OF LOAN AND MAINTENANCE OF HOME)

At settlement you will sign papers legally obligating you to pay the mortgage loan financing the purchase of your home. You must pay according to the terms of the loan - interest rate, amount and due date of each monthly payment, repayment period - specified in the documents signed by you. You will probably sign at settlement a note or bond which is your promise to repay the loan for the unpaid balance of the purchase price. You will also sign a mortgage or deed of trust which pledges your home as security for repayment of the loan.

Failure to make monthly mortgage payments on time may lead to a late payment charge, if provided for in the documents. If you default on the loan by missing payments altogether and do not make them up within a period of time usually set by State law, the documents also specify certain actions which the lender may take to recover the amount owed. Ultimately, after required notice to you, a default could lead to foreclosure and sale of the home which secures your loan.

You should also be careful to maintain your home in a proper state of repair, both for your own satisfaction and comfort as the occupant and because the home is security for your loan. The mortgage or deed of trust may in fact specifically obligate you to keep the property in good repair and not allow deterioration.

Read the documents carefully at or before settlement, and be aware of your obligations as a homeowner.

PART TWO

This part of the booklet provides an item-by-item discussion of possible settlement services that may be required and for which you may be charged. It also provides a sample of the Uniform Settlement Statement form, and worksheets which you may find handy for comparing costs from different service providers.

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Form Approved
OMB NO. 63-R-1501

A.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SETTLEMENT STATEMENT

B. TYPE OF LOAN

1. ☐ FHA 2. ☐ FmHA 3. ☐ CONV. UNINS.
4. ☐ VA 5. ☐ CONV. INS.

6. File Number: 7. Loan Number:

8. Mortgage Insurance Case Number:

C. NOTE: *This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.*

D. NAME OF BORROWER:	E. NAME OF SELLER:	F. NAME OF LENDER:
G. PROPERTY LOCATION:	H. SETTLEMENT AGENT: PLACE OF SETTLEMENT:	I. SETTLEMENT DATE:

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		*400. GROSS AMOUNT DUE TO SELLER:*	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower *(line 1400)*		403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		*Adjustments for items paid by seller in advance*	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. *GROSS AMOUNT DUE FROM BORROWER*		420. *GROSS AMOUNT DUE TO SELLER*	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		*500. REDUCTIONS IN AMOUNT DUE TO SELLER:*	
201. Deposit or earnest money		501. Excess deposit *(see instructions)*	
202. Principal amount of new loan(s)		502. Settlement charges to seller *(line 1400)*	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		*Adjustments for items unpaid by seller*	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. *TOTAL PAID BY/FOR BORROWER*		520. *TOTAL REDUCTION AMOUNT DUE SELLER*	
300. CASH AT SETTLEMENT FROM/TO BORROWER		*600. CASH AT SETTLEMENT TO/FROM SELLER*	
301. Gross amount due from borrower *(line 120)*		601. Gross amount due to seller *(line 420)*	
302. Less amounts paid by/for borrower *(line 220)*	( )	602. Less reductions in amount due seller *(line 520)*	( )
303. CASH (☐ FROM) (☐ TO) BORROWER		603. CASH (☐ TO) (☐ FROM) SELLER	

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L. SETTLEMENT CHARGES		
700. TOTAL SALES/BROKER'S COMMISSION based on price $ @ % =	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
Division of Commission (line 700) as follows:		
701. $ to		
702. $ to		
703. Commission paid at Settlement		
704.		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination Fee %		
802. Loan Discount %		
803. Appraisal Fee to		
804. Credit Report to		
805. Lender's Inspection Fee		
806. Mortgage Insurance Application Fee to		
807. Assumption Fee		
808.		
809.		
810.		
811.		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest from to @ $ /day		
902. Mortgage Insurance Premium for months to		
903. Hazard Insurance Premium for years to		
904. years to		
905.		
1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard insurance months @ $ per month		
1002. Mortgage insurance months @ $ per month		
1003. City property taxes months @ $ per month		
1004. County property taxes months @ $ per month		
1005. Annual assessments months @ $ per month		
1006. months @ $ per month		
1007. months @ $ per month		
1008. months @ $ per month		
1100. TITLE CHARGES		
1101. Settlement or closing fee to		
1102. Abstract or title search to		
1103. Title examination to		
1104. Title insurance binder to		
1105. Document preparation to		
1106. Notary fees to		
1107. Attorney's fees to		
(includes above items numbers;)		
1108. Title insurance to		
(includes above items numbers:)		
1109. Lender's coverage $		
1110. Owner's coverage $		
1111.		
1112.		
1113.		
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording fees: Deed $; Mortgage $; Releases $		
1202. City/county tax/stamps: Deed $; Mortgage $		
1203. State tax/stamps: Deed $; Mortgage $		
1204.		
1205.		
1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to		
1302. Pest inspection to		
1303.		
1304.		
1305.		
1400. TOTAL SETTLEMENT CHARGES (enter on lines 103, Section J and 502, Section K)		

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SETTLEMENT COSTS WORK SHEET *(Use this worksheet to compare the charges of various lenders and providers of settlement services.*	*PROVIDER 1*	*PROVIDER 2*	*PROVIDER 3*
800. ITEMS PAYABLE IN CONNECTION WITH LOAN:			
801. Loan Origination Fee %			
802. Loan Discount %			
803. Appraisal Fee to			
804. Credit Report to			
805. Lender's Inspection Fee			
806. Mortgage Insurance Application Fee to			
807. Assumption Fee			
808.			
809.			
810.			
811.			
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE:			
901. Interest from to @ $ per day			
902. Mortgage Insurance Premium for months to			
903. Hazard Insurance Premium for years to			
904. years to			
905.			
1000. RESERVES DEPOSITED WITH LENDER:			
1001. Hazard Insurance months @ $ per month			
1002. Mortgage Insurance months @ $ per month			
1003. City property taxes months @ $ per month			
1004. County property taxes months @ $ per month			
1005. Annual assessments months @ $ per month			
1006. months @ $ per month			
1007. months @ $ per month			
1008. months @ $ per month			
1100. TITLE CHARGES:			
1101. Settlement or closing fee to			
1102. Abstract or title search to			
1103. Title examination to			
1104. Title insurance binder to			
1105. Document preparation to			
1106. Notary fees to			
1107. Attorney's fees to			
(includes above items numbers;)			
1108. Title insurance to			
(includes above items numbers;)			
1109. Lender's coverage $			
1110. Owner's coverage $			
1111.			
1112.			
1113.			
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES:			
1201. Recording fees: Deed $; Mortgage $; Releases $			
1202. City/county tax/stamps: Deed $; Mortgage $			
1203. State tax/stamps: Deed $; Mortgage $			
1204.			
1205.			
1300. ADDITIONAL SETTLEMENT CHARGES:			
1301. Survey to			
1302. Pest inspection to			
1303.			
1304.			
1305.			
1400. TOTAL SETTLEMENT CHARGES.....			

Sections A through I of the Uniform Settlement Statement contain information concerning the loan and parties to the settlement. Sections J and K contain a summary of all funds transferred between the buyer, seller, lender, and providers of settlement services. The bottom line in the left-hand column shows the net cash to be paid by the borrower, while the bottom line in the right-hand column shows the cash due the seller.

Section L is a list of settlement services that may be required and for which you may be charged. Blank lines are provided for any additional settlement services.

You would add up the costs entered on the lines of Section L, and carry them forward to Sections J and K, in order to arrive at the net cash figures on the bottom lines of the left and right columns.

Uses of This Form

(1) Settlement services comparisons. As you shop for settlement services, you can use the Settlement Costs Worksheet as a handy guide, noting on it the different services required by different lenders and the different fees quoted by different service providers.

(2) Disclosure of actual settlement costs. A copy of this form, or one with similar terminology, sequence and numbering of line items, must be filled out by the person conducting the settlement meeting. Your right to inspect the form one business day before settlement was discussed earlier in this booklet. The form will be completely filled in at the settlement meeting.

SPECIFIC SETTLEMENT SERVICES

The following defines and discusses each specific settlement service. The numbers correspond to the items listed in Section L of the Uniform Settlement Statement form.

700. SALES/BROKER'S COMMISSION — This is the total dollar amount of sales commission, usually paid by the seller. Fees are usually a percentage of the selling price of the house, and are intended to compensate brokers

or salesmen for their services. Custom and/or the negotiated agreement between the seller and the broker determine the amount of the commission.

701-702. Division of Commission

If several brokers or salesmen work together to sell the house, the commission may be split among them. If they are paid from funds collected for settlement, this is shown on lines 701-702.

703. Commission Paid at Settlement

Sometimes the broker will retain the earnest money deposit to apply towards his commission. In this case, line 703 will show only the remainder of the commission which will be paid at settlement.

800. ITEMS PAYABLE IN CONNECTION WITH LOAN

These are the fees which lenders charge to process, approve and make the mortgage loan.

801. Loan Origination

This fee covers the lender's administrative costs in processing the loan. Often expressed as a percentage of the loan, the fee will vary among lenders and from locality to locality. Generally the buyer pays the fee unless another arrangement has been made with the seller and written into the sales contract.

802. Loan Discount

Often called "points, " a loan discount is a one-time charge used to adjust the yield on the loan to what market conditions demand. It is used to offset constraints placed on the yield by state or federal regulations. Each "point" is equal to

one percent of the mortgage amount. For example, if a lender charges four points on a $30,000 loan this amounts to a charge of $1,200.

803. Appraisal Fee

This charge, which may vary significantly from transaction to transaction, pays for a statement of property value for the lender, made by an independent appraiser or by a member of the lender's staff. The lender needs to know if the value of the property is sufficient to secure the loan if you fail to repay the loan according to the provision of your mortgage contract, and the lender must foreclose and take title to the house. The appraiser inspects the house and the neighborhood, and considers sales prices of comparable houses and other factors in determining the value. The appraisal report may contain photos and other information of value to you. It will provide the factual data upon which the appraiser based the appraised value. Ask the lender for a copy of the appraisal report or review the original.

The appraisal fee may be paid by either the buyer or the seller, as agreed in the sales contract. In some cases this fee is included in the Mortgage Insurance Application Fee. See line 806.

804. Credit Report Fee

This fee covers the cost of the credit report, which shows how you have handled other credit transactions. The lender uses this report in conjunction with information you submitted with the application regarding your income, outstanding bills, and employment, to determine whether

you are an acceptable credit risk and to help determine how much money to lend you.

Where you encounter credit reporting problems you have protections under the Fair Credit laws as summarized under "Homebuyer's Rights" in this booklet.

805. Lender's Inspection Fee

This charge covers inspections, often of newly constructed housing, made by personnel of the lending institution or an outside inspector. (Pest or other inspections made by companies other than the lender are discussed in connection with line 1302).

806. Mortgage Insurance Application Fee

This fee covers processing the application for private mortgage insurance which may be required on certain loans. It may cover both the appraisal and application fee.

807. Assumption Fee

This fee is charged for processing papers for cases in which the buyer takes over payments on the prior loan of the seller.

900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE

You may be required to prepay certain items, such as interest, mortgage insurance premium and hazard insurance premium, at the time of settlement.

901. Interest

Lenders usually require that borrowers pay at settlement the interest that accrues on the mortgage from the date of settlement to the beginning of the period covered by the first monthly payment. For example, suppose your settlement takes place on April 16, and your first

regular monthly payment will be due June 1, to cover interest charges for the month of May. On the settlement date, the lender will collect interest for the period from April 16 to May 1. If you borrowed $30,000 at 9% interest, the interest item would be $112.50. This amount will be entered on line 901.

902. Mortgage Insurance Premium

Mortgage insurance protects the lender from loss due to payment default by the home owner. The lender may require you to pay your first premium in advance, on the day of settlement. The premium may cover a specific number of months or a year in advance. With this insurance protection, the lender is willing to make a larger loan, thus reducing your downpayment requirements. This type of insurance should not be confused with mortgage life, credit life, or disability insurance designed to pay off a mortgage in the event of physical disability or death of the borrower.

903. Hazard Insurance Premium

This premium prepayment is for insurance protection for you and the lender against loss due to fire, windstorm, and natural hazards. This coverage may be included in a Homeowners Policy which insures against additional risks which may include personal liability and theft. Lenders often require payment of the first year's premium at settlement.

A hazard insurance or homeowner's policy may not protect you against loss caused by flooding. In special flood-prone areas identified by HUD, you may be required

by federal law to carry flood insurance on your home. Such insurance may be purchased at low federally subsidized rates in participating communities under the National Flood Insurance Act.

1000. RESERVES DEPOSITED WITH LENDERS

Reserves (sometimes called "escrow" or "impound" accounts) are funds held in an account by the lender to assure future payment for such recurring items as real estate taxes and hazard insurance.

You will probably have to pay an initial amount for each of these items to start the reserve account at the time of settlement. A portion of your regular monthly payments will be added to the reserve account. RESPA places limitations on the amount of reserve funds which may be required by the lender. Read "Reserve Accounts" in this booklet for reserve calculation procedures. Do not hesitate to ask the lender to explain any variance between your own calculations and the figure presented to you.

1001. Hazard Insurance

The lender determines the amount of money that must be placed in the reserve in order to pay the next insurance premium when due.

1002. Mortgage Insurance

The lender may require that part of the total annual premium be placed in the reserve account at settlement. The portion to be received in reserve may be negotiable.

1003-1004. City/County Property Taxes

The lender may require a regular monthly payment to the reserve account for property taxes.

1005. Annual Assessments — This reserve item covers assessments that may be imposed by subdivisions or municipalities for special improvements (such as sidewalks, sewers or paving) or fees (such as homeowners association fees).

1100. TITLE CHARGES — Title charges may cover a variety of services performed by the lender or others for handling and supervising the settlement transaction and services related thereto. The specific charges discussed in connection with lines 1101 through 1109 are those most frequently incurred at settlement. Due to the great diversity in practice from area to area, your particular settl ment may not include all these items or may include others not listed. Ask your settlement agent to explain how these fees relate to services performed on your behalf. An extended discussion is presented in "Securing Title Services" earlier in this booklet.

1101. Settlement or Closing Fee — This fee is paid to the settlement agent. Responsibility for payment of this fee should be negotiated between the seller and buyer, at the time the sales contract is signed.

1102-1104. Abstract or Title Search, Title Examination, Title Insurance Binder — These charges cover the costs of the search and examination of records of previous ownership, transfers, etc., to determine whether the seller can convey clear title to the property, and to disclose any matters on record that could adversely affect the

buyer or the lender. Examples of title problems are unpaid mortgages, judgment or tax liens, conveyances of mineral rights, leases, and power line easements or road right-of-ways that could limit use and enjoyment of the real estate. In some areas, a title insurance binder is called a commitment to insure.

1105. Document Preparation

There may be a separate document fee that covers preparation of final legal papers, such as a mortgage, deed of trust, note, or deed. You should check to see that these services, if charged for, are not also covered under some other service fees, ask the settlement agent.

1106. Notary Fee

This fee is charged for the cost of having a licensed person affix his or her name and seal to various documents authenticating the execution of these documents by the parties.

1107. Attorney's Fees

You may be required to pay for legal services provided to the lender in connection with the settlement, such as examination of the title binder or sales contract. Occasionally this fee can be shared with the seller, if so stipulated in the sales contract. If a lawyer's involvement is required by the lender, the fee will appear on this part of the form. The buyer and seller may each retain an attorney to check the various documents and to represent them at all stages of the transaction including settlement. Where this service is not required and is paid for outside of closing, the person conducting settlement is not obligated to record the fee on the settlement form.

1108. Title Insurance

The total cost of owner's and lender's title insurance is shown here. The borrower may pay all, a part or none of this cost depending on the terms of the sales contract or local custom.

1109. Lender's Title Insurance

A one-time premium may be charged at settlement for a lender's title policy which protects the lender against loss due to problems or defects in connection with the title. The insurance is usually written for the amount of the mortgage loan and covers losses due to defects or problems not identified by title search and examination. In most areas this is customarily paid by the borrower unless the seller agrees in the sales contract to pay part or all of it.

1110. Owner's Title Insurance

This charge is for owner's title insurance protection and protects you against losses due to title defects. In some areas it is customary for the seller to provide the buyer with an owner's policy and for the seller to pay for this policy. In other areas, if the buyer desires an owner's policy he must pay for it.

1200. GOVERNMENT RECORDING AND TRANSFER CHARGES

These fees may be paid either by borrower or seller, depending upon your contract when you buy the house or accept the loan commitment. The borrower usually pays the fees for legally recording the new deed and mortgage (item 1201). These fees, collected when property changes hands or when a mortgage loan is made, may be quite large and are set by state and/or local governments. City, county and/or state tax stamps may have to be purchased as well (item 1201 and 1203).

1300. ADDITIONAL SETTLEMENT CHARGES

1301. Survey

The lender or the title insurance company may require that a surveyor conduct a property survey to determine the exact location of the house and the lot line, as well as easements and rights of way. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fees, but sometimes this may be handled by the seller.

1302. Pest and Other Inspections

This fee is to cover inspections for termite or other pest infestation of the house. This may be important if the sales contract included a promise by the seller to transfer the property free from pests or pest-caused damage. Be sure that the inspection shows that the property complies with the sales contract before you complete the settlement. If it does not you may wish to require a bond or other financial assurance that the work will be completed. This fee can be paid either by the borrower or seller depending upon the terms of the sales contract. Lenders vary in their requirements as to such an inspection.

Fees for other inspections, such as for structural soundness, are entered on line 1303.

1400. TOTAL SETTLEMENT CHARGES

All the fees in the borrower's column entitled "Paid from Borrower's Funds at Settlement" are totaled here and transferred to line 103 of Section J, "Settlement charges to borrower" in the Summary of Borrower's Transaction on page 1

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of the Uniform Settlement Statement. All the settlement fees paid by the seller are transferred to line 502 of Section K, Summary of Seller's Transaction on page 1 of the Uniform Settlement Statement.

COMPARING LENDER COSTS

If a lender is willing to reduce his fees for such items as loan origination, discount points and other one-time settlement charges, he may gain it back if he charges a higher mortgage interest rate.

Here is one rule of thumb which you can use to calculate the combined effect of the interest rate on your loan and the one-time settlement charges (paid by you) such as "points." While not perfectly accurate, it is usually close enough for meaningful comparisons between lenders. The rule is, that one-time settlement charges equaling one percent of the loan amount increase the interest charge by one-eighth(1/8) of one percent. The 1/8 factor corresponds to pay a back period of approximately 15 years. If you intend instead to hold the property for only five years and pay off the loan at that time, the factor increases to 1/4.

Here is an example of the rule. Consider only those charges that differ between lenders. Suppose you wish to borrow $30,000. Lender A will make the loan at 8.5 percent interest, but charges a two percent origination fee, a $150.00 application fee, and requires that you use a lawyer, for title work, selected by the lender at a fee of $300.

Lender B will make the loan at 9 percent interest, but has no additional requirements or charges. As part of that nine percent interest, though, Lender B will not charge an application fee and will absorb the lawyer's fee. What are the actual charges for each case?

Begin by relating all of Lender A's one-time charges to percentages of the $30,000 loan amount:

2 percent origination fee	=	2 percent of loan amount
$150 application fee	=	0.5 percent of loan amount
$300 lawyer's fee	=	1 percent of loan amount
Total	=	3.5 percent of loan amount

Since each 1 percent of the loan amount in charges is the equivalent of 1/8 percent increase in interest, the effective interest

rate from Lender A is the quoted or "contract" interest rate, 8.5 percent plus .44 percent (3.5 times 1/8), or a total of 8.94 percent interest. Since Lender B has offered a nine percent interest rate, Lender A has made a more attractive offer. Of course, it is more attractive only if you have sufficient cash to pay Lender A's one-time charges and still cover your downpayment, moving expenses, and other settlement costs. This is simply a method to compare diverse costs on an equal basis. In the above illustration, Lender A does not receive the $300 lawyer fee.

The calculation is sensitive to your assumption about the period of time you plan to own the house before paying off the mortgage. As indicated above, the factor increases to 1/4 if you expect to pay off the mortgage in five years. Applying this new factor to the above illustration, the effective interest rate for Lender A would be 8,5 percent plus .87 (3.5 x 1/4) for a total of 9.37 percent interest. Lender A's offer is no longer more attractive than Lender B's which was 9.0 percent.

In doing these calculations you should also be careful as to which one time fees you place into the calculation. For example, if Lender B in the above illustration did not include in his charge a legal fee but told you that you had to secure legal services in order to obtain the loan from him, you would have to add to Lender B's interest rate the legal fee that you had to incur.

You can use this method to compare the effective interest rates of any number of lenders as you shop for a loan. If the lenders have provided Truth-in-Lending disclosures, these are even a better comparative tool. You should question lenders carefully to make sure you have learned of all the charges they intend to make. The good faith estimate you receive when you make a loan application is a good checklist for this information, but it is not precise. Thus, you should ask the lender how the charges and fees are computed.

CALCULATING THE BORROWER'S TRANSACTIONS 31

A Sample Worksheet

This page is a sample worksheet for a family purchasing a $35,000 house and getting a new $30,000 loan. Line 103 assumes that their total settlement charges are $1000. (This figure is the sum of all the individual settlement charges, which will be listed in detail in Section L, of their Uniform Settlement Statement.) The $1000 figure is merely illustrative. The amount may be higher in some areas and for some types of transactions, and lower for others.

J. SUMMARY OF BORROWER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract sales price	35,000.00
102. Personal property	200.00
103. Settlement charges to borrower *(line 1400)*	1,000.00
104.	
105.	
Adjustments for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. Assessments 6-30 to 7-31 (owners assn)	20.00
109. Fuel oil 25 to gal @ 50/gal	12.50
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	36,232.50
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	1,000.00
202. Principal amount of new loan(s)	30,000.00
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes to	
211. County taxes 1-1 to 6-30 @$600/yr	300.00
212. Assessments 1-1 to 6-30 @$100/yr	50.00
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	31,350.00
300. CASH AT SETTLEMENT FROM/TO BORROWER	
301. Gross amount due from borrower *(line 120)*	36,232.50
302. Less amounts paid by/for borrower *(line 220)*	(31,350.00)
303. CASH (X FROM) (TO) BORROWER	4,882.50

Your Financial Worksheet

Once you have decided which providers you wish to use for your settlement services and have selected the lender who will make your loan, you can calculate the total estimated cash you will need to complete the purchase. The form below, which is a part of the Uniform Settlement Statement, can be used as a worksheet for this purpose.

J. SUMMARY OF BORROWER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract sales price	
102. Personal property	
103. Settlement charges to borrower *(line 1400)*	
104.	
105.	
Adjustments for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	
202. Principal amount of new loan(s)	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes to	
211. County taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	
300. CASH AT SETTLEMENT FROM/TO BORROWER	
301. Gross amount due from borrower *(line 120)*	
302. Less amounts paid by/for borrower *(line 220)*	( )
303. CASH (☐ FROM) (☐ TO) BORROWER	

100. GROSS AMOUNT DUE FROM BORROWER

Page 1 of the Uniform Settlement Statement summarizes all actual costs and adjustments for the borrower and seller, including total settlement fees and charges found on line 1400 of Section L.

101. Contract Sales Price

This is the price of the home agreed to in the sales contract between the buyer and seller.

102. Personal Property

If, at the time the sales contract was made, you and the seller agreed that some items were to be transferred with the house, the price of those items is entered here. If it was agreed to include these items in the price of the home, their cost will be part of the sales price recorded on line 101. Personal property could include items such as carpets, drapes, stove, refrigerator, etc.

103. Settlement Charges to Borrower

The total charges detailed in Section L and totaled on line 1400, are recorded here. This figure includes all of the items payable in connection with the loan, items required by the lender to be paid in advance, reserves deposited with the lender, title charges, government recording and transfer charges, and any additional related charges.

104-105. Additional Costs

This space is for listing any additional amounts owed the seller, such as reserve funds if the buyer is assuming the seller's loan. This may not be applicable to your settlement.

106-112. Adjustments

These include taxes, front footage charges, insurance, rent, fuel and other items that the seller has previously paid for covering a period which runs beyond the settlement date. The costs are usually divided on a proportional basis with the seller being reimbursed for charges accruing after the date of transfer of title.

120. GROSS AMOUNT DUE

This is the total of lines 101 through 112.

200. AMOUNTS PAID BY OR ON BEHALF OF BORROWER

201. Deposit or Earnest Money

This is the amount which you paid against the sales price when the sales contract was signed. It is credited to the purchase.

202. Principal Amount of New Loan

This is the amount of the new mortgage which you will repay to the lender in the future.

203. Existing Loan(s)

If you are taking over the seller's mortgage(s) instead of obtaining a new loan or paying all cash, the amount still owed on those prior loans will be shown here.

210-219. Adjustments

This includes taxes or assessments which become due after settlement, but which the seller pays because they cover a period of time prior to settlement. See "Reserve Accounts" for a further discussion of these matters.

220. TOTAL AMOUNTS PAID BY/FOR BORROWER

This is the sum of lines 201 through 219.

300.	CASH AT SETTLEMENT FROM/TO BUYER	Remaining are the summary lines which are 301-303 for the borrower (and 601-603 for the seller). Subtracting line 302 (gross amount paid by or for the borrower) from line 301 (gross amount due from the borrower) results in the net cash the borrower must pay at settlement.

RESERVE ACCOUNTS

In most instances, a monthly mortgage payment is made up of a payment on the principal amount of the mortgage debt which reduces the balance due on the loan, an interest payment which is the charge for use of the borrowed funds, and a reserve payment (also known as an escrow or impound payment) which represents approximately one-twelfth of the estimated annual insurance premiums, property taxes, assessments and other recurring charges.

When settlement occurs you may need to make an initial deposit into the reserve account; otherwise, your regular monthly deposits to it will not accumulate enough to pay the taxes, insurance or other charges when they fall due. Under RESPA, the maximum amount the lender can require borrowers or prospective borrowers to deposit into a reserve account at settlement is a total gross amount not to exceed the sum of: (a) an amount that would have been sufficient to pay taxes, insurance premiums, or other charges which would have been paid under normal lending practices, and ending on the due date of the first full monthly mortgage installment payment; plus (b) an additional amount not in excess of one-sixth (2 months) of the estimated total amount of taxes, insurance premiums and other charges to be paid on the dates indicated above during any twelve month period to follow.

An illustration will help clarify this calculation. Assume the following set of facts on a loan, and that taxes are paid at the end of the period against which taxes are assessed.

Example:	
Settlement date	April 30, 1977
Due Date of first mortgage loan repayment	June 1, 1977
Taxes due yearly	$360.00
Monthly tax accrual	$ 30.00
Due date for taxes	December 1st for the calendar year

The reserve amount for category (a) is $180.00. This represents the amount of taxes accruing between December 1, 1976 (the last tax due date) and May 30, 1977 ($30.00 x 6 months). Reserve amounts chargeable under category (b) could be up to two months advance payment times $30.00 or a total of $60.00. Therefore, total reserve deposits for taxes at settlement would be a maximum of $240.00. Changing the due date for taxes and/or the first mortgage payment results in a different reserve amount for the same illustration.

The same procedure is used to determine the maximum amounts that can be collected by the lender for insurance premiums or other charges. You need to know the charges and due dates in order to compute the amounts.

Once you begin your monthly mortgage payments, you cannot be required to pay more than one-twelfth of the annual taxes and other charges each month, unless a larger payment is necessary to make up for a deficit in your account or to maintain the cushion of the one-sixth of annual charges mentioned in (b) above. A deficit may be caused, for example, if your taxes or insurance premiums are raised.

You should note that the above monthly mortgage payments reserve limitations apply to all RESPA covered mortgage loans whether they were originated before or after the implementation of RESPA.

ADJUSTMENTS BETWEEN BUYER AND SELLER

The previous section dealt with setting up and maintaining your reserve account with the lender. At settlement it is also usually necessary to make an adjustment between buyer and seller for property taxes and other charges. This is an entirely separate matter from the initial deposit which the borrower makes into the new reserve account.

The adjustments between buyer and seller are shown in Sections J and K of the Uniform Settlement Statement. In the example given in the foregoing section, the taxes, which are payable annually, had not yet been paid when the settlement occurs on April 30. The homebuyer will have to pay a whole year's taxes on the following December 1. However, the seller lived in the house for the first four months of the year. Thus, four-twelfths of the year's taxes are to be paid by the seller. Accordingly, lines 208 and 508 on the Uniform

Settlement Statement would read as follows:

County taxes 1/1/77 to 4/30/77 $120.00

The buyer would be given credit for this amount in the settlement and the seller would have to pay this amount or count it as a deduction from sums payable to the seller.

In some areas taxes are paid at the beginning of the taxable year. If, in our example, the taxes were paid by the seller on January 1, 1977 for the following tax year ending December 31, 1977, the buyer will have to compensate the seller for the taxes paid by the seller for those months that the buyer will be in possession of the property (April 30-December 31). This adjustment will be shown on lines 107 and 407 of the Uniform Settlement Statement. With settlement occurring on April 30, those lines will read as follow

County taxes 4/30/77 to 12/31/77 $240.00

This amount would be credited to the seller in the settlement.

Similar adjustments are made for insurance (if the policy is being kept in effect), special assessments, fuel and other utilities, although the billing periods for these may not always be on an annual basis. Be sure you work out these prorations with the seller prior to settlement. It is wise for you to notify utility companies of the change in ownership and ask for a special reading on the day of settlement, with the bill for pre-settlement charges to be mailed to the seller at his new address. This will eliminate much confusion that can result if you are billed for utilities which cover the time when the seller owned the unit.

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APPENDIX A

CONSUMER LITERATURE ON HOME PURCHASING, MAINTENANCE, PROTECTION, AND OTHER TOPICS

U. S. Department of Housing and Urban Development

Appraisals	
Questions and Answers on FHA Home Property Appraisals	HUD-38-F
Condominiums	
Financing Condominium Housing	HUD-77-F
HUD/FHA Non-Assisted Program for Condominium Housing	HUD-227-F
Questions About Condominiums	HUD-365-F
HUD/FHA Comparison of Condominium and Cooperative Housing	HUD-321-F
Cooperatives	
Let's Consider Cooperatives	HUD-17-F
HUD/FHA Program for Unsubsidized Cooperative Housing	HUD-256-F
Home Mortgage Insurance	
Home Mortgage Insurance	HUD-43-F
Programs for Home Mortgage Insurance	HUD-97-F
Home Ownership	
The Home Buying Serviceman.	HUD-121-F
HUD's Home Ownership Subsidy Program	HUD-419-HPMC
Miscellaneous	
Protecting Your Home Against Theft	HUD-315-F
Termites	HUD-323-F
Be An Energy Miser in Your Home	HUD-324-PA
Mobile Homes	
Buying and Financing a Mobile Home	HUD-243-F
Mobile Home Financing Through HUD	HUD-265-F
General Interest	
Wise Home Buying	HUD-267-F
Should You Buy or Rent a Home	HUD-328-F

Protecting Your Housing Investment	HUD-346-PA
Home Owners Glossary of Building Terms	HUD-369-F
Home Buyers Vocabulary	HUD-383-HM
Your Housing Rights	HUD-177-EO

Contact: U.S. Department of Housing & Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410, Room B-258 or HUD Regional Area and Insuring Offices throughout the country.

U.S. Veterans Administration

Pointers for the Veteran Homeowner
Questions and Answers on Guaranteed and Direct Loans for Veterans
To the Home-Buyer Veteran

Contact: Your Nearest VA Regional Office

U.S. Department of Agriculture

Selecting and Financing a Home

Contact: Office of Communications, U.S. Department of Agriculture
Washington, D.C. 20250

U.S. Department of Labor

Rent or Buy? (No. 178D)

Contact: Consumer Information Center,
Pueblo, Colorado 81009

General Services Administration

Consumer Information: A Catalog of Selected Federal Publications

Contact: Consumer Information Center,
Pueblo, Colorado 81009

PART 2

FLOOD INSURANCE

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PART 2

FLOOD INSURANCE

A. WHY WAS LEGISLATION ENACTED?

The National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 (which significantly expanded the scope and benefits of the earlier Act) were considered necessary because losses throughout the nation from floods and mudslides were increasing at an alarming rate. It was obvious that construction in flood prone areas had to be subjected to certain minimum guidelines if the loss of lives and property caused by unwise construction in such areas was to be reduced.

B. WHAT IS THE NATIONAL FLOOD INSURANCE PROGRAM?

It is a program which enables property owners to purchase flood insurance at rates made affordable by a Federal subsidy *provided that* the property is in a flood prone community which is participating in the National Flood Insurance Program (NFIP). For a community to qualify for participation in the program, it must adhere to flood plain management guidelines established by the U.S. Department of Housing and Urban Development (HUD), and the program itself is administered by HUD's Federal Insurance Administration.

Through the authority of its implementing legislation, the program also places certain responsibilities on Federally insured credit unions and other similar lenders when they make loans secured by certain properties which are located (or will be located) in an area designated as a special flood hazard area by HUD. These are discussed under section D.

C. THE ROLE OF THE NATIONAL CREDIT UNION ADMINISTRATION

The Flood Disaster Protection Act ("the Act") requires NCUA to issue regulations implementing the provisions of the Act and charges the Administrator with the responsibility for monitoring compliance with the Act by all Federally insured credit unions.

The following discussion highlights the requirements of the Act as implemented by Part 760 of the National Credit Union Administration Rules and Regulations.

D. HOW DO FLOOD INSURANCE REQUIREMENTS AFFECT FEDERALLY INSURED CREDIT UNIONS?

The availability of loans from financial institutions, including Federally insured credit unions, was determined by Congress to be contributing significantly to flood disaster losses. As a result, Congress places certain requirements on these institutions when they grant loans which will be secured by specific properties which are or will be located in a special flood hazard area (regardless of the purpose of the loans). Flood hazard areas include those subject to mudslide and erosion hazards.

1. LOANS SECURED BY IMPROVED REAL ESTATE OR MOBILE HOMES

A Federally insured credit union *cannot* make or extend any loan secured by improved real estate which is located (or is to be located) in an area identified by the Secretary of HUD as an area having special flood hazards, if that area is in a community participating in NFIP *unless* the building is covered by flood insurance. Such insurance (which should also cover any personal property securing that loan) must be in an amount at least equal to the outstanding principal balance of the loan (or to the maximum limit of coverage made available with respect to the particular type of property covered, whichever is less.) The same requirements apply to a loan secured by a mobile home in such an area.

Flood insurance is *not* required in cases where the special flood hazard area is located in a commu-

nity which is *not* participating in the NFIP. However, Federal flood disaster relief assistance may not be available in the event of a Federally declared flood or flood-related disaster, thus increasing the risk to the credit union and the borrower. This information is covered in the notices required to be given to the borrower whenever a loan is granted which is secured by improved real estate (or a mobile home) in a special flood hazard area (regardless whether the community in question is participating in the NFIP). See Section 4.

Prohibitions against such lending may exist, however, in the case of FHA or VA-insured loans for the purchase of property in special flood hazard areas within non-participating communities. FHA and VA approved lenders will receive appropriate instructions from those agencies.

It is important to note that for the purposes of the National Flood Insurance Program HUD has defined "buildings" to include mobile homes, as well as any walled and roofed structure. A mobile home may be considered to be any movable structure built on a permanent chassis and designated to be used as a residence. It does not include recreational vehicles.

Since mobile homes in participating communities are required by NFIP to be placed on fixed foundations, insurance is required for all loans secured by mobile homes in special flood hazard areas in participating communities. Travel trailers and campers are not eligible for coverage, however, and the insurance does not apply to them.

When a mobile home is purchased and driven off a dealer's lot for an unknown ultimate destination, a loan to finance its purchase does not require the purchase of mandatory flood insurance. However, if the ultimate destination is known, the credit union must determine whether the "ultimate destination" is in a special flood hazard area.

2. LOANS INVOLVING PERSONAL PROPERTY

Federally insured credit unions must require flood insurance on personal property within an identified special flood hazard area located in a community participating in the National Flood Insurance Program, if:

(a) The loan for personal property was part of, or made at the same time as, a loan involving real estate or a mobile home; and

(b) The personal property itself was made subject to the real estate mortgage, chattel mortgage or other security interest for the benefit of the lender.

Thus, a loan secured by personal property (such as household furnishings) which was made independent of a real estate loan would not be subject to this flood insurance requirement.

3. DETERMINATION OF WHETHER PROPERTY IS LOCATED IN A SPECIAL FLOOD HAZARD AREA

If a Federally insured credit union is considering granting loans which are secured by improved real estate or mobile homes it must in each instance determine whether the property to be pledged is located in an area designated by HUD as a special flood hazard area. This is accomplished by reviewing a current FIA Flood Hazard Boundary Map or Flood Insurance Rate Map for the area in question. This may be done by the credit union or by a qualified agent (such as an appraiser) provided that the latter uses the same standards of determination as the credit union and gives its determination in writing. A HUD brochure, "How to Read A Flood Insurance Rate Map" (HUD-FIA 252) provides helpful information for making these determinations. Copies may be requested from any of the HUD Regional Offices listed in Appendix A.

If the property is located in an identified special flood hazard area, it can be accepted as security only if the community is participating in the flood insurance program *and* the appropriate amount of flood insurance is obtained. When the property in question is located outside a special flood hazard area, however, the provisions of the Act do not apply, and flood insurance is neither available nor required.

According to Guidelines established by HUD, determinations made by a lender acting in "good faith" concerning the location of a property with respect to a special flood hazard area are final, provided that the lender has obtained and relied upon the current FIA Flood Hazard Boundary Map or Flood Insurance Rate Map for the area in question. The determination of a lender is final even if a contrary conclusion is subsequently reached by another person, agency or body and regardless of any change in ownership of the property or status of the loan. Therefore, a federally insured credit union may rely on its own interpretation of whether a particular property is located in a special flood hazard area *provided* that a current map of the area is utilized in making a determination. A credit union

can be certain whether any given map at hand is the current map by calling FIA's toll-free informational numbers: 800-424-8872 or 800-424-8873, or in area code (202) dial 426-1891 (Flood Plain Management Division).

HUD has further advised that even if property is located within the boundaries of a special flood hazard area as depicted on an FIA map, the intent of the National Flood Insurance Program is only to require insurance for property that is subject to flooding from a 100 year flood (that is, a flood having a one percent chance of occurring in a given year). Therefore, in light of this position, FIA has provided an administrative remedy for individuals who believe that their property has been wrongly included in such an FIA map. A credit union should continue to require insurance in such a case, and the complaining individual should be told to contact FIA and assert his request for a correction. If the claim of the individual is found to be correct, the premium on the insurance will be refunded by the National Flood Insurers Association, provided that the claim to that body is made in the same year in which the premium is applicable.

4. NOTIFICATION OF APPLICANT

Whenever the property is in a special flood hazard area, the credit union must give *written notice* to the borrower of the flood insurance requirement or obtain written assurance from the seller or lessor that the borrower has been notified of the requirement. This must be done a reasonable period in advance of closing the loan.

In addition, depending upon whether or not the community in which the special flood hazard area is located is participating in the NFIP, a Federally insured credit union must notify a borrower whether, in the event of a disaster caused by flood to such property, Federal disaster relief assistance will be available. The recommended form for these required notices can be found in Appendix D and in Part 760.2 of the NCUA Rules and Regulations.

E. FLOOD INSURANCE POLICIES

The Flood Disaster Protection Act requires that where private flood insurance is obtained, the insurance coverage offered by the insurer is at least as broad as the coverage offered by the standard Federal flood insurance policy issued by HUD under the National Flood Insurance Program. The Federal Insurance Administration may grant an exception to requiring the standard flood insurance policy. Questions regarding the acceptability of other flood insurance policies should be directed to the National Flood Insurance Program, P.O. Box 34294, Bethesda, Md. 20034, or call the following toll-free number, 800-638-6620. Such information can also be obtained from the HUD Regional Flood Insurance Specialists at the locations listed in Appendix (A) or the appropriate State Coordinating Agency as listed in Appendix (B).

NOTE: For any loan where flood insurance is required, the policy must be written for the term of the loan and in an amount equal to the maximum coverage available or the amount of the loan, *whichever is less.*

It is recommended that credit unions treat the flood insurance purchase requirement in essentially the same way as the fire insurance requirement they already customarily impose. That is, credit unions should require a copy of the Standard Flood Insurance Policy endorsed to show the credit union as a beneficiary. At the time of granting the loan, a copy of the flood insurance policy application indicating that the full premium has been paid is sufficient evidence of the purchase of flood insurance. There is a 15 day waiting period before coverage becomes effective. A copy of the policy should be obtained and maintained by the credit union. Since the flood insurance policy is an annual policy, lenders will be expected to see that flood insurance is renewed and maintained for the entire duration of the loan. If the borrower does not renew his policy, the credit union will have the option of renewing it for him or calling the loan. Copies of flood insurance policies and renewal notices will be furnished lien holders by the insurer (or in the event that they are not available through the insurer, contact NFIP at the above address).

F. WHERE TO OBTAIN FLOOD BOUNDARY MAPS AND INFORMATION

Information as to the availability of flood insurance and the maximum limits of coverage obtainable with respect to a particular type of property can be obtained from the NFIP at the above address and telephone number. The insurer is also responsible for the distribution of literature on the program and will provide upon request flood boundary maps for individual communities in the flood insurance program. General information is

also usually available from any licensed property insurance agent or broker within the community. Information on the flood insurance program can also normally be obtained from the office of the chief executive officer of the community. Special questions on any of the above matters may be addressed to the Federal Insurance Administration.

G. QUESTIONS AND EXPLANATIONS—IS YOUR CREDIT UNION IN COMPLIANCE?

The following questions address in general terms the requirements of the Flood Insurance Regulations.

QUESTIONS	EXPLANATIONS
1. Does the credit union make any loans which are secured by improved real estate or mobile homes? (If no, STOP.)	1. Loans subject to flood insurance may be made for any purpose as long as they are secured by a security interest in improved real estate (residence or other walled and roofed structure) or a mobile home on a fixed foundation.
2. When making these loans does the credit union make a "good faith" determination whether the property securing them is located within a special flood hazard area?	2. Under HUD's guidelines, determinations made by a credit union acting in "Good Faith" (concerning the location of a property with respect to a special flood area) are final, provided that the credit union or its qualified agent relied on the current FIA Flood Hazard Boundary Map or Flood Insurance Rate Map for the area in question. (A credit union can be certain that the map is current by calling 800-424-8872 or 8873. Credit unions in the 202 area code may call 426-1891.)
3. Does the credit union require official flood insurance on the property and its contents in each case where the property is found to be located within a special flood hazard area in a community participating in the National Flood Insurance Program?	3. & 4. If loans of this type are secured by property in a special flood hazard area, the community must be participating in an approved flood program, the FCU must require official flood insurance on the property *and* a copy of the insurance policy should be on file. If the community is not participating in an approved flood program, official flood insurance would not be available.
4. If so, is a copy of the flood insurance policy in the loan file?	
5. Have the required notices been given in connection with all loans secured by improved real estate or a mobile home which is (or will be) located in a special flood hazard area?	5. The recommended forms for these notices are set out in Part 760 of the NCUA Rules and Regulations.

H. HOW TO DETERMINE THE EFFECT OF FLOOD INSURANCE REQUIREMENTS ON A LOAN

START

Was the loan secured by a mortgage (1st or other) or similar security interest on improved real estate or a mobile home?

IF NO → No Insurance Required

IF YES

Is this property located or to be located in an area designated by HUD as a special flood hazard area? 1/

IF NO → No Insurance Required

IF YES

Is the community in which this property is located participating in the National Flood Insurance Program? 2/

IF NO

(1) The credit union may make the loan.

(2) Flood Insurance will not be required. (Neither it nor Federal flood disaster relief will be available. Credit union's risk will be increased accordingly.)

(3) The credit union must notify the borrower in writing that (A) The property securing the loan is in a special flood hazard area and (B) That the community in which the property was located was not participating in the National Flood Insurance Program and as a result, assistance might not be available in the event of a Federally declared flood disaster. 4/

IF YES

(1) The Loan cannot be made unless the proper amount of flood insurance is obtained from a federally approved insurer. 3/

(2) The credit union must notify the borrower in writing that (A) The property securing the loan is in a special flood hazard area and (B) In the event of a Federally declared flood disaster federal disaster relief assistance may be available if community is then participating in the National Flood Insurance Program. 4/

1/ This requires a good faith determination based upon reference to a current Federal Insurance Rate Map or (if not available) a Flood Hazard Boundary Map.

2/ If unknown and information is not available at county courthouse call FIA toll free at 800-424-8872 (or in area code 202, call 426-1891)

3/ Copy of policy should be placed in loan file.

4/ See part 760 of NCUA Rules and Regulations for approved forms for notification.

APPENDIX A

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

REGIONAL FLOOD INSURANCE SPECIALISTS

Region I

15 New Chardon Street
Boston, Massachusetts 02114
Telephone: (617) 223-2616
(For Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island & Vermont)

Region II

90 Church Street
Room 801
New York, New York 10007
Telephone: (212) 264-4756
(For New Jersey, New York, Puerto Rico, & Virgin Islands)

Region III

Curtis Building
Sixth and Walnut Streets
Philadelphia, Pennsylvania 19106
Telephone: (215) 597-9581
(For Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, & West Virginia)

Region IV

1371 Peachtree Street, N. E.
Atlanta, Georgia 30309
Telephone: (404) 881-2391
(For Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina & Tennessee)

Region V

1 North Dearborn Street
Chicago, Illinois 60606
Telephone: (312) 353-0757
(For Illinois, Indiana, Michigan, Minnesota, Ohio & Wisconsin)

Region VI

Earle Cabell Building
1100 Commerce Street
Dallas, Texas 75242
Telephone: (214) 749-7412
(For Arkansas, Louisiana, New Mexico, Oklahoma & Texas)

Region VII

Federal Office Building
911 Walnut Street
Kansas City, Missouri 64106
Telephone: (816) 374-2161
(For Iowa, Kansas, Missouri & Nebraska)

Region VIII

909 17th St.—Rm 311
Denver, Colorado 80202
Telephone: (303) 837-5041
(For Colorado, Montana, North Dakota, South Dakota, Utah & Wyoming)

Region IX

450 Golden Gate Avenue
Post Office Box 36003
San Francisco, California 94102
Telephone: (415) 556-3543
(For Arizona, California, Hawaii & Nevada)

Region X

540 Logan Building
5th and Union
Seattle, Washington 98101
Telephone: (206) 442-1026
(For Alaska, Idaho, Oregon & Washington)

APPENDIX B

STATE COORDINATING AGENCIES FOR FLOOD INSURANCE

STATE	AGENCY AND ADDRESS	RESPONSIBLE OFFICIAL	CONTACT PERSON	TELEPHONE NUMBER
Alabama	Alabama Development Office Office of State Planning State Office Building 3734 Atlanta Highway Montgomery, Alabama 36130	E. C. Bamberg Director	Sherman Shores	205-832-6400
Alaska	Department of Community and Regional Affairs Division of Community Research and Planning Pouch B Juneau, Alaska 99801	Kevin Waring Director	Larry Kimball	907-276-1721
Arizona	Arizona State Land Department 1624 W. Adams, Room 400 Phoenix, Arizona 85007	Andrew Bettwy Commissioner	Robert Yount	602-271-4625
Arkansas	Division of Soil and Water Resources State Department of Commerce 1200 Westpark Drive, Room 308 Little Rock, Arkansas 72204	John Saxton Director	John Saxton Larry White	501-371-1611
California	The Resource Agency Department of Water Resources State of California P. O. Box 388 Sacramento, California 95802	Ronald B. Robie Director	Jack Pardee	916-445-2985 FTS-465-2985

Colorado	Colorado Water Conservation Board State Centennial Bldg. 1313 Sherman Street, Rm. 823 Denver, Colorado 80203	...ax L. Sparks Director	Eugene Jencsock	303-892-3441
Connecticut	Department of Environmental Protection Division of Water and Related Resources Room 215, State Office Bldg. Hartford, Connecticut 06115	Edward Daly Director	Robert Sonnichsen	203-556-7245
Delaware	Delaware State Planning Office Thomas Collins Building 530 S. Dupont Highway Dover, Delaware 19901	David Keifer Director	Michael Thompson	302-678-4271
Florida	Department of Community Affairs 2501 Executive Center Circle East Howard Building Tallahassee, Florida 32301	Wm. H. Ravenell Secretary	Jim Sayes	904-488-7956
Georgia	Department of Natural Resources Office of Planning and Research 270 Washington Street, S.W. Room 707 Atlanta, Georgia 30334	Joseph Tanner Commissioner	Stephen Pressman	404-656-5164
Hawaii	Division of Water & Land Development Dept. of Land & Natural Resources P. O. Box 621 Honolulu, Hawaii 96809	Christopher Cobb Chairman	Albert Ching	808-548-7642
Idaho	Department of Water Resources State House Boise, Idaho 83720	R. Keith Higginson Director	Steven Allred Kenneth Dunn	208-384-2215 208-964-2215
Illinois	Illinois Dept. of Transportation Division of Water Resources 300 North State Street, Rm. 1010 Chicago, Illinois 60610	French Wetmore Coordinator	French Wetmore	312-793-3864

STATE COORDINATING AGENCIES FOR FLOOD INSURANCE — (*CONTINUED*)

STATE	AGENCY AND ADDRESS	RESPONSIBLE OFFICIAL	CONTACT PERSON	TELEPHONE NUMBER
Indiana	Division of Water Department of Natural Resources 608 State Office Building Indianapolis, Indiana 46204	Joseph D. Cloud	Gordon Lance	317-633-5267
Iowa	Iowa Natural Resources Council James W. Grimes Building Des Moines, Iowa 50319	Jim Cooper Director	Jack Riessen	515-281-5914
Kansas	Kansas Water Resources Board Suite 303 503 Kansas Avenue Topeka, Kansas 66603	Guy E. Gibson Chief Engineer	J. William Funk	913-296-3717
Kentucky	Division of Water Kentucky Department of Natural Resources Capitol Plaza Office Tower Frankfort, Kentucky 40601	Oscar T. McCuthen Director	Everett Green	504 564-3980
Louisiana	State Department of Public Works P. O. Box 44155 Capitol Station Baton Rouge, Louisiana 70804	Roy Aguillard Director	H. B. Myers Assistant Director	504-389-6287
Maine	Bureau of Civil Emergency Preparedness State House Augusta, Maine 04330	Nicholas Caragaris	Redington Robbins, III	207-622-6201
Maryland	Department of Natural Resources Water Resources Division State Office Building Annapolis, Maryland 21401	Herbert Sachs Director	Robert Rauch	301-267-5826

M husetts	Division of Water Resources Water Resources Commission State Office Building 100 Cambridge Street Boston, Massachusetts 02202	les Kennedy Director	Michael Beshara	617-727-3267
Michigan	Water Resources Commission Bureau of Water Management Stevens T. Mason Bulding Lansing, Michigan 48926	Ralph W. Purdy Executive Secretary	Dan Morgan James Boulton	517-373-3930
Minnesota	Flood Plain-Shore Line Management Unit Department of Natural Resources Centennial Office Building St. Paul, Minnesota 55155	Gerald D. Seinwell Director	James M. Wright	612-296-4803
Mississippi	Mississippi Research and Development Center P. O. Drawer 2470 Jackson, Mississippi 39205	Dr. Kenneth Wagner Director	Willard Inman	601-982-6372 6376
Missouri	Disaster Planning and Operations Office 1717 Industrial Drive P. O. Box 116 Jefferson City, Missouri 65101		Bill Beatty[1]	314-751-2321
Montana	Montana Dept. of Natural Resources & Conservations Water Resources Division 32 South Ewing Street Helena, Montana 59601	Orrin Ferris	Chuck Parrett	406-449-2872
Nebraska	Nebraska Natural Resources Commission Terminal Building, 7th Floor Lincoln, Nebraska 68508	Albert Mathews	Bob Shaw	402-471-2081

[1] (not designated as official State Coordinator, but serves in that capacity)

STATE COORDINATING AGENCIES FOR FLOOD INSURANCE — *(CONTINUED)*

STATE	AGENCY AND ADDRESS	RESPONSIBLE OFFICIAL	CONTACT PERSON	TELEPHONE NUMBER
Nevada	Division of Water Resources Department of Conservation and Natural Resources Nye Building Carson City, Nevada 89701	Roland Westergard State Water Engineer	Brian Randall	702-885-4380
New Hampshire	Office of State Planning Division of Community Planning State House Annex Concord, New Hampshire 03301	George E. McAvoy Acting Director	Michael Blake	603-271-2359 2156 2220
New Jersey	Bureau of Water Control Department of Environmental Protection P. O. Box 2809 Trenton, New Jersey 08625	John O'Dowd Chief 609-292-2373	Clark Gilman Bob Liptak	609-292-2373 2296
New Mexico	State Engineer's Office Bataan Memorial Building Santa Fe, New Mexico 87501	Steve Reynolds State Engineer	Fred Allen	505-827-2527
New York	New York State Department of Environmental Conservation 50 Wolf Road, Rm. 422 Albany, New York 12235	Peter A. Berle Commissioner Mail: Frank Dwyer	Bill Dailey Frank Dwyer	518-457-5666
N. Carolina	Division of Community Assistance Department of Natural and Economic Resources P. O. Box 27687 Raleigh, North Carolina 27611	George Pickett Director	Craig M. Barfield	919-829-2850
N. Dakota	State Water Commission State Office Building 900 E. Boulevard Bismarck, North Dakota 58501	Vernon Fahy Engineer-Secretary	Ken Royse	701-224-2750

Ohio	Ohio Dept. of Natural Resources Flood Plain Program Ohio Department Bldg. Fountain Square Columbus, Ohio 43224	Dr. Robert W. Teater Director	Paul Roseberry	614-466-7803
Oklahoma	Oklahoma Water Resources Board 5th Floor, Jim Thorpe Building Oklahoma City, Oklahoma 73105	Paul R. Wilson Acting Executive Director	Paul R. Wilson	405-521-3386
Oregon	Intergovernmental Relations Division 240 Cottage St., S.E. State of Oregon Salem, Oregon 97310	William Young Administrator	Richard Jentsch	503-378-3732
Pennsylvania	Department of Community Affairs South Office Building Capitol Complex Harrisburg, Pennsylvania 17120	William H. Wilcox Secretary	Bruce Hearn Kerry Wilson	717-787-7400
Puerto Rico	Southwest Region Project P. O. Box 41119 Puerto Rico Planning Board Santurce, Puerto Rico 00940	Enrique R. Soler Clo Quell, President	Boris L. Oxmas	809-726-5440 809-726-6200 ext. 2709
Rhode Island	R. I. Statewide Planning Program 265 Melrose Street Providence, Rhode Island 02907	Daniel W. Varin Chief	Victor J. Parmentier	401-277-2656
S. Carolina	South Carolina Water Resources Commission P. O. Box 4515 3830 Forest Drive Columbia, South Carolina 29240	Clair P. Guess, Jr. Executive Director	Stephen T. Sutterfield Gary J. Matthews	803-758-2514
S. Dakota	State Planning Bureau Office of Executive Management State Capitol Pierre, South Dakota 57501	Don Bucks Commissioner	Bruce Lutz	605-224-3661

STATE COORDINATING AGENCIES FOR FLOOD INSURANCE — *(CONTINUED)*

STATE	AGENCY AND ADDRESS	RESPONSIBLE OFFICIAL	CONTACT PERSON	TELEPHONE NUMBER
Tennessee	Local Planning Office 660 Capitol Hill Building Nashville, Tennessee 37219	Donald Waller Director of Local Planning	Ms. Melinda Hulsey	615-741-2211
Texas	Texas Water Development Board P. O. Box 13087 Capitol Station Austin, Texas 78711	James Rose Executive Director	Everett W. Rowland	512-475-2171
Utah	Department of Natural Resources Division of Water Resources State Capitol Building, Rm. 435 Salt Lake City, Utah 84114	Dan Lawrence Director	Barry Saunders	801-328-5401
Vermont	Management & Engineering Division Water Resources Department State Office Building Montpelier, Vermont 05602	John E. Gerutti Director	William Albert	802-828-2393
Virginia	Bureau of Water Control Management State Water Control Board P. O. Box 11143 Richmond, Virginia 23230	J. M. Alexander	Dale Jones Bob Gay	804-770-1411

...shington	Department of Ecology Olympia, Washington 98504	John A. Biggs Director	Edward C. Hammersmith	206-753-3829
W. Virginia	Office of Federal-State Relations Division of Planning and Development Capitol Building, Rm. 150 Charleston, West Virginia 25305	Carl L. Bradford Director	Barbara Given	304-348-2246
Wisconsin	Department of Natural Resources Flood Plain-Shoreline Management Section P. O. Box 450 Madison, Wisconsin 53701	L. P. Voigt Secretary	Tom Lee	608-266-3093
Wyoming	Wyoming Disaster and Civil Defense Agency P. O. Box 1709 Cheyenne, Wyoming 82001	Howard Smith Agency Coordinator	Howard Smith	307-777-9566
District of Columbia	Department of Insurance 614 H Street, N.W. Washington, D.C. 20001	Maximilian Wallach Commissioner	Maximilian Wallach (202) 629-4514	202-629-4514
Virgin Islands	Virgin Islands Planning Board P. O. Box 2606 Charlotte Amalie St. Thomas, Virgin Islands 00801	Thomas Blake Planning Director	Thomas Blake	

APPENDIX C

1. NOTICE TO BORROWER OF SPECIAL FLOOD HAZARD AREA

Notice is hereby given to _____ that the improved real estate or mobile home described in the attached instrument is or will be located in an area designated by the Secretary of the Department of Housing and Urban Development as a special flood hazard area. This area is delineated on _____'s Flood Insurance Rate Map (FIRM) or, if the FIRM is unavailable, on the Flood Hazard Boundary Map (FHBM). This area has a 1% chance of being flooded within any given year. The risk of exceeding the 1% chance increases with time periods longer than one year. For example, during the life of a 30 year mortgage, a structure located in a special flood hazard area has a 26% chance of being flooded.

2. NOTICE TO BORROWER ABOUT FEDERAL FLOOD DISASTER ASSISTANCE

Lender Check (a) or (b)

(a) Notice in Participating Communities

The improved real estate or mobile home securing your loan is or will be located in a community that is now participating in the National Flood Insurance Program. In the event that such property is damaged by flooding in a federally-declared disaster, Federal Disaster relief assistance may be available. However, such assistance will not be available if your community is not participating in the National Flood Insurance Program at the time such assistance would be approved (unless such approval is granted within one year from the date your community was identified by the Secretary of the Department of Housing and Urban Development as being flood prone). This assistance, usually in the form of a loan with a favorable interest rate, may be available for damages incurred in excess of the amount of your flood insurance.

(b) Notice in Nonparticipating Community

The improved real estate or mobile home securing your loan is or will be located in a community that is not now participating in the National Flood Insurance Program. This means that you are not eligible for Federal flood insurance. In the event that your property is damaged by flooding in a federally declared disaster, Federal disaster relief assistance will not be available (unless approval for such assistance is granted within one year from the date your community was identified by the Secretary of the Department of Housing and Urban Development as being flood prone). In other words, Federal flood disaster relief assistance will be available only if, at the time such assistance would be approved, your community is participating in the National Flood Insurance Program, or approval for such assistance is granted within one year from the date your community was identified as being flood prone.

3. STATEMENT OF THE MEMBER-BORROWER

I, _____ a member of the _____ Credit Union, hereby acknowledge that on the date indicated below I have received a Notice to Borrower of Special Flood Hazards, indicating that the property securing my loan is in an area identified as having special flood hazards, and a Notice to Borrower About Federal Flood Disaster Assistance, indicating whether such assistance will or will not be available for such property.

Dated: _____

_____

(Signature and address of member-borrower.)

REGULATION C—HOME MORTGAGE DISCLOSURE ACT

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PART 3

REGULATION C—HOME MORTGAGE DISCLOSURE ACT

A. WHAT IS IT?

The Home Mortgage Disclosure Act, frequently referred to as the "anti redlining" law, is a law which requires certain depository institutions, including credit unions, to disclose publicly where their mortgage loans have been granted. Congress gave the Federal Reserve Board the responsibility for developing the regulation to implement the Act. Accordingly, the Federal Reserve Board issued Regulation C which became effective June 28, 1976. Congress also specifically designated the National Credit Union Administration as the agency responsible for enforcing these provisions among *all* affected credit unions.

B. WHY WAS IT ENACTED?

The Act grew out of allegations that there are mortgage credit (loan) shortages in parts of certain urban communities. These allegations were supported by testimony of various public interest groups which documented that some financial institutions were following the practice of ruling out certain residential areas of the city as ineligible for mortgage credit. It was also stated that this practice, which is known as redlining, frequently resulted in the decline of inner city neighborhoods and in discrimination against various groups of residents.

In enacting this law, therefore, it was the expressed intent of Congress to provide for the development and disclosure of sufficient information for interested persons and public officials to determine whether depository institutions are fulfilling their lending obligations to serve the housing needs of all segments of the neighborhoods in which they are located.

A continuing study of this area is being carried out by HUD. It is HUD's responsibility to recommend any additional legislation which the study may indicate is necessary or desirable. It is important to recognize, however, that *nothing in the Act or Regulation in any way modifies the need for a lender to exercise sound, nondiscriminatory judgment in evaluating the creditworthiness of loan applicants or sound value of collateral.*

C. WHAT CREDIT UNIONS ARE AFFECTED BY THIS REGULATION?

A credit union which meets all *three* of the following conditions is subject to the Act:

(a) It must have over $10 million in assets at the end of its most recent fiscal year. (This will be the year for which the disclosure report is prepared.) Since reports will be required for each fiscal year (at least through June 28, 1980) credit unions reaching $10 million during the interim may become subject to the reporting requirements of this Regulation.

(b) It must maintain an office (main or branch) in one or more SMSA (Standard Metropolitan Statistical Area) as established by the Office of Management and Budget.

(c) It must make Federally related residential mortgage loans. Any state chartered credit union, however, which is subject to the disclosure and reporting requirements of a State or local mortgage disclosure law may be exempt from the requirements of Regulation C *if* the Board of Governors of the Federal Reserve System has *specifically determined* that its requirements are substantially similar to those of Regulation C. Any credit union which believes that it is in this category should see the provisions of Section 203.5(a)(2) and 203.3(a)(3) of the Regulation and seek the assurance of the National Credit Union Administration.

D. WHAT IS A FEDERALLY RELATED MORTGAGE LOAN?

For purposes of determining applicability of Regulation C, a Federally related mortgage loan is any loan which is secured by a *first lien* on *residential real property* (including individual units in a cooperative or condominium) and is designed principally for the occupancy of 1 to 4 families and is

located in a State (including the Commonwealth of Puerto Rico and the District of Columbia) *and* is

(a) made by a depository institution (including a credit union) which is regulated by or whose deposits are insured by any agency of the Federal Government, *or*

(b) guaranteed, insured or assisted by HUD or any other Federal agency, *or*

(c) made with the intent of being sold to FNMA, GNMA, etc.

The above definition specifically excludes loans for temporary financing, FHA Title I loans and loans secured by mobile homes (unless mobile homes are classified as real estate by the respective State law).

The following situations are illustrated to clarify this area:

If a *Federally insured credit union* with over $10 million in assets makes home improvement loans and second mortgage loans, but makes *no* first mortgage loans, Regulation C is not applicable, and no reporting requirements under it need to be met. Note, even the granting of *one* first mortgage residential real estate loan by this credit union would require disclosure reports under Regulation C be made for the fiscal year in which the loan was made.

If a non federally insured *credit union* with over $10 million in assets makes home improvement loans and second mortgage loans, but makes *no* Federally insured, guaranteed or assisted first mortgage loans, Regulation C is not applicable and no reporting requirements under it need to be met. Note, even the granting of *one* Federally guaranteed first mortgage residential real estate loan by the above credit union would require disclosure reports under Regulation C be made for the fiscal year in which the loan was made.

E. WHAT MUST AFFECTED CREDIT UNIONS DO TO COMPLY WITH REGULATION C ?

Generally, affected credit unions must prepare and make available disclosure statements (reports) which reflect certain mortgage loan data.

1. MORTGAGE LOAN DISCLOSURE STATEMENTS (Report Form HMDA-1)

i. What are They and What Must be Disclosed?

An illustration of the mortgage loan disclosure statement, Form HMDA-1, is contained on pages 9 and 10 of the Regulation C pamphlet in the Appendix to this section. Requirements regarding the disclosure of mortgage loan data are itemized in Section 203.4 of Regulation C. Additional instructions are reflected at the bottom of page 2 of Form HMDA-1. As the format indicates, the data to be reported is divided between loans made and loans purchased. Both types require data to be broken into separate line item summaries for each applicable census tract within the SMSA or SMSAs for which the report is being made.

Further, within each line it is necessary to know whether the loan is FHA, FMHA or VA insured, whether the loan was made to the occupant of the property and whether the dwelling is designed for more than four families. Likewise, reporting on home improvement loans includes all loans (secured or unsecured), the proceeds of which are used for the purpose of repairing or remodeling an existing dwelling. IMPORTANT: These reporting categories should *not* be confused with the rules for determining whether the credit union makes Federally related mortgage loans.

Making the required breakout of loan data by census tract involves knowledge of related census tracts as well as the location of the property securing the loan (or being improved, in the case of home improvements loans). Accordingly, census tract maps are vital sources of information for classifying loan data. These census tract maps are in the series formally titled "1970 Census of Population and Housing: CENSUS TRACTS, Final Reports, PHC(1) Series" prepared by the Bureau of Census, U.S. Department of Commerce.

Although these reports or more detailed census block maps are available from the U.S. Government Printing Office, we have been advised that the Bureau of Census is a readily available source. There are also commercial firms that produce related material and at least one that publishes an atlas covering census tracts in all SMSAs.

In a limited number of instances ZIP codes may be used (for reporting purposes) in lieu of census tracts. As discussed in Section 203.4(a)(2), ZIP codes may be used for all breakouts of loan data for calendar year 1975. In subsequent years they may be used when the residential real property involved is located in an SMSA for which PHC(1) tract maps have not been prepared or by credit unions which are making their initial report following loss of their exempt status.

For the purpose of compiling data required by this annual report, the credit union may presume (on loans originated prior to June 28, 1976, or loans

purchased at any time) that the borrower was also the occupant, unless the file contains information to the contrary.

Where a loan is refinanced by the same borrower without increasing the outstanding balance, such mortgage loan data is to be excluded in preparing this annual report. Also certain mortgage loan data *may* be excluded from the compilations for 1975 as indicated in Section 203.4(a)(4)(ii).

Data relating to loans purchased may be more difficult to obtain, but it must nonetheless be included where credit unions have invested in loans which were secured by real property or were for the purpose of financing specified home improvements. Reportable loans purchased from liquidating credit unions would apparently fall into this category.

The Form HMDA-1 asks for the name and address of the "Federal Enforcement Agency for this Institution". All credit unions which are required to report should show the following in that space: National Credit Union Administration, Washington, D.C. 20456.

ii. When are They Due?

Credit unions which are subject to Regulation C must make mortgage loan disclosure statements available to the public within 90 days of the end of their fiscal year, at least through June 28, 1980.

Credit unions which have been exempt from Regulation C but subsequently become subject to it must make the disclosures required by Regulation C in accordance with the following guidelines:

(a) Any credit union which loses its exemption because of a redefinition of an SMSA or because the applicable State disclosure law is not considered sufficient (this applies to State chartered credit unions only) must disclose the required data for the fiscal year immediately preceding the fiscal year during which the exemption was lost. For example, a credit union having a calendar fiscal year that ceases to be exempt during 1977, for either of the above two reasons, would have to disclose 1976 data.

(b) Any credit union which loses its exemption because its assets exceeded $10 million on the final day of its last fiscal year, must disclose applicable data for that fiscal year. For example, a credit union which has assets of more than $10 million on December 31, 1977, must disclose applicable 1977 loan information.

In the above two instances, the mortgage loan disclosure statements must be made available within 90 days after the condition which caused loss of the exemption occurred.

iii. How Long Must They be Retained?

Mortgage loan disclosure statements must be made available for inspection by interested parties for 5 years from the end of fiscal year in which the report was prepared.

iv. Where Must They be Made Available?

The disclosure statements must be available to the public at the credit union's main office and certain branch offices, if any, as specified in Section 203.5(b)(1) of Regulation C. If the credit union's office(s) are *not* accessible to the general public, the reports must be made available to anyone requesting a copy, either at a conveniently located alternate location (see Section 203.5(b)(2), *or* by mail. In the event the information is mailed to the interested party, the credit union may impose no more than a reasonable charge for the cost of reproduction of the report.

2. ANNUAL NOTIFICATION OF SHAREHOLDERS

Affected credit unions must make an "appropriate effort" at least once each year to advise "depositors" of the availability of the above disclosure reports. While "depositors" are not defined by the Regulation, they should be considered to include shareholders (members and non-members) and holders of Certificates of Indebtedness. "Appropriate efforts" would include *any one* of the following: inserting a notice with a quarterly statement, posting a notice in the lobbies of *all* offices in SMSAs for 1 month out of the year *or* publishing a notice in a newspaper (or newspapers) of general circulation in the SMSAs in which such offices are located.

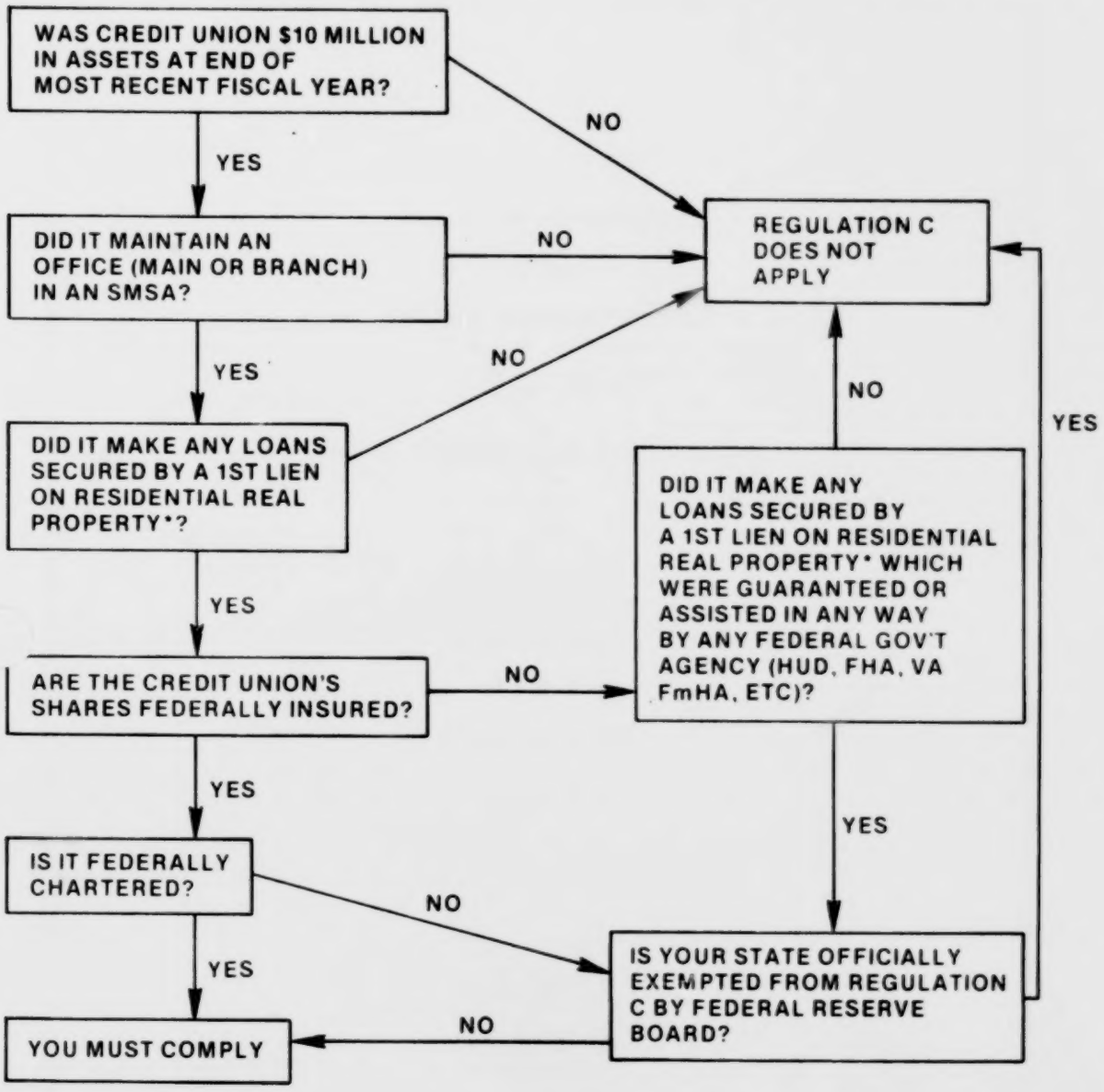
F. QUESTIONS AND EXPLANATIONS TO HELP YOU DETERMINE WHETHER YOUR CREDIT UNION IS IN COMPLIANCE

Answering the following questions should provide you with a good indication as to whether your credit union is in compliance with Regulation C.

If the answers to questions 1 or either part of 2 are "no", Regulation C does not apply and you need not answer the other questions. If the answer is "yes" to questions 3, 4, and 6, and "no" to question 5, your credit union is complying with Regulation C. If you determine that your credit union is not in compliance, you should make the necessary corrections as soon as possible.

QUESTIONS	EXPLANATIONS
1. Did the credit union make or purchase one or more first mortgage residential real estate loans in the preceding calendar year? (If no, STOP.)	1. Self Explanatory.
2. Was the credit union over $10 million in assets, and did it maintain its main office in a Standard Metropolitan Statistical Area as of the end of the preceding calendar year or this calendar year? (Mark "No" if the answer to either part is no. If no, STOP.)	2. A complete list of all SMSA's was enclosed with the Administrator's letter of July 13, 1976, to the board of directors of all FCUs. If a FCU reaches $10 million in assets as of December 31st it must report loan data for that full calendar year. If it loses its reporting exemption under sections 203.3(a)(2) or (3) it must report loan data for the year in which the change takes place and the prior year. See FRB Interpretation 203.002.
3. Has the credit union prepared **and** (in accordance with Section 203.5(b)) made available for inspection by interested parties copies of the HMDA-1 Mortgage Loan Disclosure Statements for each calendar year in which it met the above requirements beginning with 1975? (Mark "No" if the answer to either part is no.)	3. Reports must be: a) prepared for all calendar years in which FCU met the requirements in items 1 and 2. b) completed by the required deadlines, which are 9/30/76 for 1975 and 3/31 for each calendar year thereafter (other than possible exception in 203.4(a)(2)(99)), and c) made available (for 5 years) for inspection by interested parties at FCU's main office (or other alternatives permitted under Section 203.5(b)).
4. Has the data on these statements been broken down by census tracts or (when applicable) by ZIP codes, **and** are the numbers and amounts of loans granted or purchased properly reported? (Mark "No" if the answer to any part is no.)	4. Self explanatory except to note that: a) unless census tracks are not shown on the official 1970 Census Tract maps, ZIP codes may be used only for 1975 and (if separate semiannual reports are made) the first half of 1976, and these must be preceded by a Z on the report. b) instructions for completing the report may be found on page 2 of the HMDA-1 form (also, if the various columns were numbered numerically, column 4 would always be the total of columns 2 and 3, and items in column 7 would also be included in columns 4, 5, and 6). c) home improvement loans required to be reported are only those (secured or not) which clearly result in increasing the value of the applicant's home. d) data is required to be broken out of census tract/ZIP code only for the SMSA in which the FCU's main office is located (i.e., the relevant SMSA).
5. Does the data reported on the statements indicate the possible existence of the practice of redlining?	5. This is a subjective question, the answer to which will in part be dependent upon the examiner's familiarity with the FOM and the locality. Knowledge or rejection patterns, of course, is needed for a more conclusive evaluation.
6. Has the credit union made an "appropriate effort" (as defined in Section 203.5(b)(3)) at least annually to notify shareholders of the existence of these reports?	6. Appropriate include any one of the following: a) insert a notice with the quarterly statements, or b) post a notice in the credit union office for at least one month, or c) publish a notice in a local newspaper of general circulation.

G. HOW TO DETERMINE WHETHER YOUR CREDIT UNION MUST COMPLY WITH REGULATION C


WAS CREDIT UNION $10 MILLION IN ASSETS AT END OF MOST RECENT FISCAL YEAR?
NO
YES
DID IT MAINTAIN AN OFFICE (MAIN OR BRANCH) IN AN SMSA?
NO
REGULATION C DOES NOT APPLY
YES
NO
NO
YES
DID IT MAKE ANY LOANS SECURED BY A 1ST LIEN ON RESIDENTIAL REAL PROPERTY*?
DID IT MAKE ANY LOANS SECURED BY A 1ST LIEN ON RESIDENTIAL REAL PROPERTY* WHICH WERE GUARANTEED OR ASSISTED IN ANY WAY BY ANY FEDERAL GOV'T AGENCY (HUD, FHA, VA FmHA, ETC)?
YES
ARE THE CREDIT UNION'S SHARES FEDERALLY INSURED?
NO
YES
YES
IS IT FEDERALLY CHARTERED?
NO
IS YOUR STATE OFFICIALLY EXEMPTED FROM REGULATION C BY FEDERAL RESERVE BOARD?
YES
NO
YOU MUST COMPLY

*DESIGNED PRINCIPALLY FOR OCCUPANCY OF 1 TO 4 FAMILIES

Appendix A

BOARD OF GOVERNORS

of the

FEDERAL RESERVE SYSTEM

HOME MORTGAGE DISCLOSURE

REGULATION C

(12 CFR 203)

Effective June 28, 1976

PART 703 — HOME MORTGAGE DISCLOSURE INTERPRETATIONS

203.001: TREATMENT OF MAJORITY-OWNED DEPOSITORY SUBSIDIARIES OF DEPOSITORY INSTITUTIONS

The Board has been asked whether a majority-owned, depository subsidiary of a depository institution should be treated in the same way as a non-depository subsidiary. The first sentence of §203.2(c) defines a depository institution as "any commercial bank, savings bank, savings and loan association, building and loan association, homestead association (including cooperative banks), or credit union, which makes federally related mortgage loans." The second sentence deals with subsidiaries: "Any majority-owned subsidiary of a depository institution shall be deemed to be part of its parent depository institution for the purpose of this part." The purpose of the subsidiary provision is to provide a more complete picture of a parent's lending patterns by including information regarding the lending activities of any non-depository, majority-owned subsidiary.

A few depository institutions, however, have majority-owned subsidiaries that are themselves depository institutions. This raises the issue of how a depository institution as defined in the first part of §203.2 (c), which is also a majority-owned subsidiary of a depository institution, should be treated for Regulation C disclosure purposes. If, absent the second part of §203.2 (c), the depository subsidiary otherwise would make separate disclosures under Regulation C, then combining the subsidiary's loan data with the parent's into a single statement would reduce public disclosure, contrary to the intent of §203.2 (c) and the purpose of the Home Mortgage Disclosure Act.

Therefore, to further the intent of the act and the regulation, a parent depository institution may draw a distinction for disclosure purposes between depository and non-depository, majority-owned subsidiaries. A majority-owned, non-depository subsidiary of a depository institution should be treated as an integral part of its parent, with no distinction made between them for reporting purposes, in accordance with the second sentence of §203.2 (c). On the other hand, at the parent's option, a majority-owned, depository subsidiary of a depository institution may be treated as a distinct, unaffiliated entity since it is a depository institution as defined in the first sentence of §203.2 (c).

203.002: DISCLOSURE AFTER LOSS OF EXEMPTION

The Board has been requested to clarify the Regulation C disclosure requirements that apply to a depository institution that ceases to be exempt from the Home Mortgage Disclosure Act.

Section 203.3 (a) of Regulation C describes the three classes of depository institutions that are exempt from the regulation's disclosure requirements. They are: (1) Institutions that have assets of $10,000,000 or less as of the last day of their fiscal year: (2) institutions that do not have an office in a standard metropolitan statistical area; and (3) State-chartered institutions that are subject to a State disclosure law that the Board has determined imposes substantially similar requirements to those mandated by the Home Mortgage Disclosure Act.

Section 203.3 (b) sets forth the initial disclosure requirements applicable to an exempt institution that subsequently loses its exemption. It states:

A depository institution that was exempt on or after the effective date of this Part on the basis of paragraph (a) of this section and that subsequently becomes no longer exempt shall compile the data described in §203.4 of thie part for each fiscal year beginning with its last full fiscal year ending prior to the date it was no longer exempt, and that last full fiscal year shall be deemed to be a "full fiscal year ending prior to July 1, 1976" for the purposes of §203.4 of this Part.

The first point on which clarification has been sought is the meaning of the language "last full fiscal year ending prior to the date it was no longer exempt * * *." For any depository institution that loses its exemption under §203.3 (a) (2) because of the re-definition of a standard metropolitan statistical area or loses its exemption under §203.3 (a) (3) because applicable State disclosure law is found not to be substantially similar to the Federal act, "its last full fiscal year ending prior to the date it was no longer exempt" is its fiscal year immediately preceding the fiscal year during which the exemption was lost. For example, a depository institution having a calendar fiscal

year that ceases to be exempt during 1977 would have to disclose relevant 1976 data.

For any depository institution that loses its exemption under §203.3 (a) (1) because its assets exceeded $10,000,000 on the final day of its last fiscal year, the period to be covered by its initial disclosure statement is that last fiscal year. For example, a calendar fiscal year institution that has assets of more than $10,000,000 on December 31, 1977 would have to disclose relevant 1977 loan information.

The Board also has been asked to explain the significance of the phrase " 'full fiscal year ending prior to July 1, 1976 * * *.' " The purpose in §203.3 (b) of equating an institution's "last full fiscal year ending prior to the date it was no longer exempt" with a " 'full fiscal year ending prior to July 1, 1976' " is to make available to an institution that loses its exemption the same disclosure options that were available to institutions when Regulation C became effective. Thus for the purposes of §203.4, a depository institution that ceases to be exempt may compile the necessary mortgage and home improvement loan data by United States Postal Service ZIP codes, in lieu of Census Bureau census tracts, for its last full fiscal year and any portion of its current fiscal year ending prior to the loss of exemption. In addition, such an institution may exercise the options and rely on the presumption contained in paragraphs (a) (4) (ii) and (c) of §203.4 as if it had lost its exemption and become subject to the regulation on July 1, 1976.

The following examples illustrate the points made in this interpretation. Assume that a depository institution having a calendar fiscal year ceases to be exempt under §203.3 (a) (2) on April 1, 1977, because of the enlargement of a standard metropolitan statistical area to include a county in which the institution has an office. Pursuant to §203.5 (a) (1) (iii), that institution would be required to prepare and make available publicly a disclosure statement by June 29, 1977, ninety days after its loss of exemption.

Under §203.3 (b), the disclosure statement would have to cover the institution's "last full fiscal year ending prior to the date it was no longer exempt," which, as indicated previously, would be 1976. Pursuant to §203.4 (a) (2) (i), read in view of §203.3 (b), the institution could compile the necessary loan information for 1976 by ZIP code if it chose.

Also, under §203.4 (a) (2) (ii), it could elect to issue a separate disclosure statement, compiled on a IP-code basis, for the first three months of its current fiscal year — January, February, March 1977, if it also made that statement available on June 29, 1977. If it chose that option, then it would report on its relevant lending activities for the remainder of 1977 by census tract on March 31, 1978. The alternative to this latter option would be for the institution to report on all of its relevant lending activities during 1977 by census tract on March 31, 1978. Finally, the institution may exercies the reporting options and rely on the residence presumption set forth in §§203.4 (a) (4) (ii) and 203.4 (c) for its 1976 disclosure statement and the January through March 1977 statement if that option is chosen.

The second example assumes that a depository institution having a calendar fiscal year ceases to be exempt under §203.3 (a) (1) because its assets exceed $10,000,000 as of December 31, 1977. Pursuant to the applicable provisions of the regulation as outlined in the preceding example, the institution would have to prepare a disclosure statement by March 31, 1978, covering its relevant lending activities during 1977 on a ZIP-code basis. Since the loss of exemption would not have occurred during the course of its fiscal year, no partial fiscal year report would be possible. The options and presumption contained in §§203.4 (a) (4) (ii) and 203.4 (c) respectively could be used, however, in preparing the 1977 disclosure statement.

By order of the Board of Governors March 28, 1977.

Theodore E. Allison,
Secretary of the Board.

[FR Doc.77-10618 Filed 4—11—77; 8:45 am]

A depository institution that was exempt on or after the effective date of this Part on the basis of paragraph [a] *of this section*

A depository institution that was exempt on or after the effective date of this Part on the basis of paragraph (a) *of this section and that subsequently becomes no longer exempt shall compile the data described in §203.4 of this Part for each fiscal year beginning with its last full fiscal year ending prior to the date it was no longer exempt, and that last full fiscal year shall be deemed to be a "full fiscal year ending prior to July 1, 1976" for the purposes of §203.4 of this Part.*

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REGULATION C

(12 CFR 203)

Effective June 28, 1976

HOME MORTGAGE DISCLOSURE

SECTION 203.1—AUTHORITY, SCOPE, AND ENFORCEMENT

(a) **Authority and scope.** This Part comprises the regulations issued by the Board of Governors of the Federal Reserve System pursuant to the Home Mortgage Disclosure Act of 1975 (Title III of Pub. L. 94–200; 89 Stat. 1125 *et seq.*). This Part applies to depository institutions which make federally related mortgage loans. Nothing in the Act or this Part is intended to, nor shall it be construed to, encourage unsound lending practices or the allocation of credit.

(b) **Administrative enforcement.** As set forth more fully in sections 305 and 306 of the Act, compliance with the provisions of the Act and this Part shall be enforced by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), and the Administrator of the National Credit Union Administration.

SECTION 203.2—DEFINITIONS

For the purposes of this Part, the following definitions apply unless the context indicates otherwise:

(a) **Act** means the Home Mortgage Disclosure Act of 1975 (Title III of Pub. L. 94–200; 89 Stat. 1125 *et seq.*).

(b) **Branch office** means any office approved as a branch of the depository institution by that depository institution's Federal or State supervisory agency.

(c) **Depository institution** means any commercial bank, savings bank, savings and loan association, building and loan association, homestead association (including cooperative banks), or credit union, which makes federally related mortgage loans. Any majority-owned subsidiary of a depository institution shall be deemed to be part of its parent depository institution for the purposes of this Part.

(d) **Federally related mortgage loan** means any loan (other than temporary financing such as a construction loan) which (i) is secured by a first lien on residential real property (including individual units of condominiums and cooperatives) that is designed principally for the occupancy of from one to four families and is located in a State; and (ii)(A) is made in whole or in part by a depository institution the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by a depository institution which is regulated by any agency of the Federal Government; or (B) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary of Housing and Urban Development or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by any other such officer or agency; or (iii) is intended to be sold by the depository institution that originates the loan to the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corpo-

ration, or a financial institution from which it is to be purchased by the Federal Home Loan Mortgage Corporation.

(e) **FHA, FmHA, or VA loans** means mortgage loans which are insured under Title II of the National Housing Act or under Title V of the Housing Act of 1949 or which are guaranteed under Chapter 37 of Title 38 United States Code.

(f) **Home improvement loan** means a loan, unsecured or secured by collateral other than a first lien on residential real property, (i) the proceeds of which are to be used for the purpose of repairing, rehabilitating, or remodeling an existing residential dwelling located in a State as stated by the borrower to the lender at the time of the loan transaction, and (ii) that is recorded on the books of the depository institution as a home improvement loan.

(g) **Mortgage loan** means a "residential mortgage loan" as defined in paragraph (h) of this section or a "home improvement loan" as defined in paragraph (f) of this section.

(h) **Residential mortgage loan** means a loan which is secured by a first lien on residential real property located in a State, including a first lien refinancing of an existing loan, but shall not include (i) temporary financing (such as a construction loan), or (ii) purchase of an interest in a pool of mortgage loans (such as mortgage participation certificates issued or guaranteed by the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or the Farmers Home Administration), or (iii) a loan made primarily for business or consumer purposes (other than to purchase, repair, rehabilitate or remodel residential real property) but in connection with which a first lien on residential real property is taken as collateral.

(i) **Residential real property** means improved real property used or to be used for residential purposes, including single-family homes, dwellings for from two to four families, multi-family dwellings, and individual units of condominiums and cooperatives.

(j) **State** means any State of the United States of America, the District of Columbia, and the Commonwealth of Puerto Rico.

SECTION 203.3—EXEMPTIONS

(a) The following categories of depository institutions are exempt from the compilation of data and disclosure requirements of sections 203.4 and 203.5 of this Part:

(1) any depository institution that has total assets as of the last day of its last full fiscal year of $10,000,000 or less; or

(2) any depository institution that has neither a home office nor any branch office located in a standard metropolitan statistical area (SMSA) as currently defined by the Office of Management and Budget of the United States Government; or

(3) any State-chartered depository institution subject to the mortgage loan disclosure laws (statutes or regulations) of a State or subdivision thereof that the Board determines, in accordance with the procedures set forth in the Supplement to this Part, contain (i) requirements substantially similar to those imposed under the Act, and (ii) adequate provisions for enforcement.

(b) A depository institution that was exempt on or after the effective date of this Part on the basis of paragraph (a) of this section and that subsequently becomes no longer exempt shall compile the data described in section 203.4 of this Part for each fiscal year beginning with its last full fiscal year ending prior to the date it was no longer exempt, and that last full fiscal year shall be deemed to be a "full fiscal year ending prior to July 1, 1976" for the purposes of section 203.4 of this Part.

SECTION 203.4—COMPILATION OF MORTGAGE LOAN DATA

(a) **Data to be included.** (1) Each depository institution shall aggregate, separately for each standard metropolitan statistical area (SMSA) in which it has a home office or branch office, its mortgage loan data for each fiscal year beginning with its last full fiscal year ending prior to July 1, 1976, with the exception of mortgage loans described in subsection (4) of this paragraph. Mortgage loan data relating to residential real property located within the relevant SMSA (i.e., the SMSA where a home or branch office is located) shall be segregated from mortgage loan data relating to residential real property located outside the relevant SMSA and shall be itemized by the census tract in which the principal residential real property securing the residential mortgage loan (or, in the case of home improvement loans, the property to be improved) is located (except as provided in subsection (2) of this paragraph) according to the

following classifications in a format similar to guideline Form HMDA-1, which is set forth in the appendix to this Part:

(i) FHA, FmHA, or VA loans, except on multi-family dwellings (i.e., dwellings for more than four families), subdivided as to those loans (A) originated and (B) purchased by the depository institution, during that fiscal year;

(ii) residential mortgage loans other than FHA, FmHA, or VA loans and other than loans on multi-family dwellings, subdivided as to those loans (A) originated and (B) purchased by the depository institution, during that fiscal year;

(iii) all residential mortgage loans, except on multi-family dwellings, (i.e., sum of classifications (i) and (ii)), subdivided as to those loans (A) originated and (B) purchased by the depository institution, during that fiscal year;

(iv) home improvement loans, except on multi-family dwellings, subdivided as to those loans (A) originated and (B) purchased by the depository institution, during that fiscal year;

(v) all mortgage loans (home improvement loans and residential mortgage loans) on multi-family dwellings, subdivided as to those loans (A) originated and (B) purchased by the depository institution, during that fiscal year; and

(vi) all mortgage loans (home improvement loans and residential mortgage loans), except on multi-family dwellings, made to any borrower who did not, at the time of the loan transaction, intend to reside as his principal dwelling in the property securing the residential mortgage loan (or, in the case of home improvement loans, the property to be improved), subdivided as to those loans (A) originated and (B) purchased by the depository institution, during that fiscal year.

Classifications (i) through (v) include loans to both occupants and non-occupants of the property. Mortgage loan data relating to residential real property located outside the relevant SMSA (or relevant SMSA's in the case of a depository institution with home or branch offices in more than one SMSA) shall also be itemized according to classifications (i) through (v) set forth above, but further itemization of that data by census tracts or United States Postal Service ZIP codes is not required.

(2) Mortgage loan data relating to residential real property located within the relevant SMSA may be itemized, according to the classifications specified in subsection (1) of this paragraph, by United States Postal Service ZIP codes for the area in which the principal residential real property securing the residential mortgage loan (or, in the case of home improvement loans, the property to be improved) is located, in lieu of census tracts, to the extent that such data relate to:

(i) a full fiscal year ending prior to July 1, 1976; or

(ii) a part of a fiscal year if that part ends on June 30, 1976, provided that a mortgage loan disclosure statement for that part of the fiscal year is made available by the depository institution by September 30, 1976, and a separate mortgage loan disclosure statement for the remaining part of that fiscal year (itemizing mortgage loan data relating to residential real property within the relevant SMSA by census tracts) is made available by the depository institution within ninety days of the end of that fiscal year; or

(iii) residential real property located in an area of a currently defined relevant SMSA that is not tracted on the maps (as a portion of then-defined SMSA's or otherwise) in the series "1970 Census of Population and Housing: CENSUS TRACTS, Final Reports, PHC(1) Series" prepared by the Bureau of the Census of the United States Department of Commerce.

(3) Mortgage loan data to be compiled as described in this paragraph shall be in terms of number of loans and total dollar amounts (original principal amounts of loans originated by the institution to the extent of its interest, where the loan is made jointly or cooperatively, and unpaid principal balances of loans purchased by the depository institution, to the extent of its interest in such purchased loans), except that, in the case of purchased home improvement loans, the amount to be reported may include the unpaid finance charges. The compilations shall be on an annual basis and relate to mortgage loans originated or purchased solely during the relevant fiscal year.

(4) (i) A depository institution shall not include in its mortgage loan data to be compiled pursuant to paragraph (a) of this section:

(A) a refinancing that it originates involving no increase in the outstanding balance of the principal due on the existing loan where the depository institution and the borrower are the same parties to the existing loan and the refinancing; and

(B) a loan originated or purchased by the depository institution acting as trustee or in some other fiduciary capacity.

(ii) For the purpose of compiling mortgage loan data pursuant to paragraph (a) of this section with respect to a full fiscal year ending prior to July 1, 1976, a depository institution may – –

(A) notwithstanding the definition contained in section 203.2(f) of this Part, itemize as home improvement loans those loans that it has classified as home improvement loans for the purposes of State law, provided that no loans secured by first liens on residential real property shall be included as home improvement loans in the mortgage loan disclosure statement and reference is made in the disclosure statement to the State law definition of home improvement loan that is being utilized; or

(B) omit, at its option, any mortgage loan that was (1) both originated and either sold or paid in full during such fiscal year, or (2) both purchased and either sold or paid in full during such fiscal year, provided that the depository institution consistently applies this option with respect to all loans in those categories and clearly states in its mortgage loan disclosure statement for that year that such data have been omitted.

(b) **Applicable SMSA's, census tracts and ZIP codes.** (1) For the purpose of determining whether a mortgage loan is to be included in the classifications relating to residential real property within the relevant SMSA as described in paragraph (a) of this section (but not for the purpose of determining exemptions pursuant to section 203.3(a)(2) of this Part), the applicable areas of the relevant SMSA shall be those as defined by the Office of Management and Budget of the United States Government and in effect on June 28, 1976, or the first day of the fiscal year to which the mortgage loan disclosure statement relates, whichever is the later date.

(2) Applicable census tract numbers and boundaries shall be those appearing on the census tract maps in the series "1970 Census of Population and Housing: CENSUS TRACTS, Final Reports, PHC(1) Series" prepared by the Bureau of the Census, United States Department of Commerce. If the number itself would be duplicated in the mortgage loan disclosure statement for the relevant SMSA, the county, city, or town that uniquely identifies the census tract shall be identified in that disclosure statement.

(3) An applicable ZIP code shall be that for the area in which the principal residential real property securing the residential mortgage loan (or, in the case of home improvement loans, the property to be improved) is located. No depository institution is obligated to revise its mortgage loan data to reflect official changes of ZIP code numbers or boundaries made after the ZIP code for a particular loan is recorded.

(4) Nothing contained in this paragraph is intended to prohibit the use of maps, directories, computer programs, or the like that have more recent definitions of the applicable SMSA areas than those specified in subsection (1) of this paragraph, provided that every mortgage loan relating to residential real property within the applicable areas of the relevant SMSA as specified in subsection (1) of this paragraph or within the areas of the relevant SMSA as more recently defined shall be included in the data to be itemized by census tracts or ZIP codes as required by paragraph (a) of this section. If such updated revisions are utilized, the mortgage loan disclosure statement shall indicate the source of the revision.

(c) **Applicable presumption.** For the purpose of compiling mortgage loan data described in paragraph (a) of this section, a depository institution may presume (unless its records relating to that loan contain information to the contrary) with respect to any mortgage loan originated prior to June 28, 1976, or purchased at any time, that the borrower intended, at the time of the loan transaction, to reside as his principal dwelling in the property securing the residential mortgage loan (or, in the case of home improvement loans, the property to be improved), if such property is a residential dwelling used or to be used by from one to four families.

SECTION 203.5—DISCLOSURE REQUIREMENTS

(a) **Dates disclosure statements due.** (1) Each depository institution shall make available to the public by the following dates mortgage loan disclosure statements required to be compiled pursuant to section 203.4 of this Part:

(i) September 30, 1976, in the case of a disclosure statement relating to a full fiscal year ending prior to July 1, 1976, except as provided in subsection (2) of this paragraph;

(ii) within ninety days of the end of the relevant fiscal year in the case of a disclosure statement that relates to a full fiscal year ending subsequent to June 30, 1976; and

(iii) within ninety days of the date a depository institution becomes no longer exempt in the case of the initial disclosure statement required pursuant to section 203.3(b) of this Part.

(2) If an application for an exemption is filed by September 30, 1976, pursuant to section 203.3(a)(3) of this Part, a State-chartered depository institution subject to the mortgage disclosure laws of a State or subdivision thereof being considered in the application shall not be required to compile and make available to the public a mortgage loan disclosure statement relating to a full fiscal year ending prior to July 1, 1976, while the application is pending before the Board. If the State-chartered depository institution is not granted an exemption by the Board's determination on the application, that depository institution shall make the disclosure statement for that fiscal year available within sixty days of the date of the Board's determination.

(3) Any mortgage loan disclosure statement required to be made available shall be maintained and made available for a period of five years after the close of the first fiscal year during which that disclosure statement is required to be maintained and made available.

(b) **Offices at which disclosure statements to be made available.** (1) Except as provided in subsection (2) of this paragraph, each depository institution shall make available to the public disclosure statements required to be compiled pursuant to section 203.4 of this Part, by the dates specified in paragraph (a) of this section, at its home or branch offices, as follows:

(i) in the case of depository institutions that have home or branch offices in only one SMSA, the entire mortgage loan disclosure statement shall be made available at the home office and at least at one branch office (if there is such a branch office) within that SMSA; and

(ii) in the case of depository institutions that have home and branch offices in more than one SMSA, (A) the entire mortgage loan disclosure statement (relating to all SMSA's with respect to which the depository institution is required to compile mortgage loan data) shall be made available at the home office and (B) the entire mortgage loan disclosure statement shall also be made available at least at one branch office within every SMSA where the depository institution has branch offices (including the SMSA where the home office is located), except that the disclosure statement at a particular branch office need not include census tract or ZIP code itemizations with respect to relevant SMSA's other than the SMSA in which the particular branch office is located provided that aggregated data from the disclosure statement with respect to each of those other relevant SMSA's (i.e., the column totals of Section I of the appendix to this Part) are furnished.

(2) Any depository institution all of whose offices (home and branch) are located where there is no general public access shall make available mortgage loan disclosure statements required to be compiled pursuant to section 203.4 of this Part, by the dates specified in paragraph (a) of this section, in either of the following ways:

(i) it shall designate a place convenient and accessible to the public within the SMSA of its home office where the entire mortgage loan disclosure statement (relating to all SMSA's with respect to which it is required to compile mortgage loan data) will be available at reasonable times, and shall designate a convenient and accessible place within every other SMSA where it has a branch office, at which designated place will also be made available the entire mortgage loan disclosure statement except for the omission, at the option of the depository institution, of census tract or ZIP code itemizations with respect to relevant SMSA's other than the SMSA where the particular branch is located provided that aggregated data from the disclosure statement with respect to each of those other relevant SMSA's (i.e., the column totals of Section I of the appendix to this Part) are furnished; or

(ii) it shall promptly furnish by mail to anyone requesting the information a copy of a required mortgage loan disclosure statement, imposing no more than a reasonable charge for the cost of reproduction of the data.

(3) A depository institution shall make appropriate efforts at least once each year to notify its depositors of the availability of its mortgage loan data, such as by (i) inserting a notice in a periodic account statement or other communication to depositors, (ii) posting a notice in the lobbies of its home and branch offices located in SMSA's for at least one month, or (iii) publishing a notice in a newspaper or newspapers of general circulation in the SMSA's in which its home and branch offices are located.

(4) Upon request, any office of a depository institution shall promptly provide information regarding the location of any office or designated place of that depository institution at which mortgage loan disclosure statements are available.

(c) **Manner of making disclosure statements available.** Each office or designated place of a depository institution that is required pursuant to paragraph (b) of this section to make a mortgage loan disclosure statement available shall make such a mortgage loan disclosure statement available to anyone requesting it for inspection or copying during the hours in which such office or designated place is normally open to the public for business. If a depository institution makes reproduction facilities available, it may impose a reasonable charge for the cost of reproduction of the data.

SECTION 203.6—SANCTIONS FOR VIOLATIONS

(a) A violation of the Act or this Part is subject to sanctions as provided in section 305 of the Act.

(b) An error in compiling or disclosing required mortgage loan data shall not be deemed to be a violation of the Act or this Part if the error was unintentional and resulted from a *bona fide* mistake notwithstanding the maintenance of procedures reasonably adopted to avoid any such error.

SECTION 203.7—EFFECTIVE DATE

This Part shall be effective on June 28, 1976.

FORM HMDA-1
(Pursuant to Public Law 94–200)

MORTGAGE LOAN DISCLOSURE STATEMENT
(Specimen Form)

Federal Enforcement Agency for this Institution

Name of Depository Institution _____

Name _____

Relevant SMSA _____

Address _____

Reporting Period _____

PART A ORIGINATIONS

Section I Mortgage loan data relating to residential real property located within the relevant SMSA

	Loans to both Occupants and Non-occupants of the Property						Addendum Item	
CENSUS TRACT or ZIP CODE (in numerical sequence)	FHA, FmHA or VA LOANS (except on multi-family dwellings)		OTHER RESIDENTIAL MORTGAGE LOANS ("Conventional") (except on multi-family dwellings)		TOTAL RESIDENTIAL MORTGAGE LOANS (except on multi-family dwellings)		TOTAL HOME IMPROVEMENT LOANS (except on multi-family dwellings)		TOTAL MORTGAGE LOANS ON MULTI-FAMILY DWELLINGS		NON-OCCUPANT LOANS (except on multi-family dwellings)	
	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount
Column Totals												

Section II Mortgage loan data relating to residential real property located outside the relevant SMSA (or SMSA's)

[redacted]							[redacted]

(See Instructions on p. 10)

MORTGAGE LOAN DISCLOSURE STATEMENT (cont.)

(Specimen Form)

PART B PURCHASED LOANS

Section I Mortgage loan data relating to residential real property located within the relevant SMSA

	Loans to both Occupants and Non-occupants of the Property						Addendum Item	
CENSUS TRACT or ZIP CODE (in numerical sequence)	FHA, FmHA or VA LOANS (except on multi-family dwellings)		OTHER RESIDENTIAL MORTGAGE LOANS ("Conventional") (except on multi-family dwellings)		TOTAL RESIDENTIAL MORTGAGE LOANS (except on multi-family dwellings)		TOTAL HOME IMPROVEMENT LOANS (except on multi-family dwellings)		TOTAL MORTGAGE LOANS ON MULTI-FAMILY DWELLINGS		NON-OCCUPANT LOANS (except on multi-family dwellings)	
	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount	No. of Loans	Principal Amount
Column Totals												

Section II Mortgage loan data relating to residential real property located outside the relevant SMSA (or SMSA's)

[redacted]							[redacted]

Instructions:

1. Data may be rounded to nearest thousands of dollars.
2. If more than one SMSA is involved, the relevant SMSA should be indicated next to the tract number or, preferably, separate pages should be used.
3. If the tract number is duplicated within a SMSA, the county, city or town that uniquely identifies the number should be stated next to the number.
4. Whenever a ZIP code number is permitted to be used, it should be preceded by the letter "Z".
5. If the statement is prepared on the basis of the definition of the relevant SMSA that is more recent than that in effect on the first day of the reporting period, so indicate.
6. Census tract numbers are those appearing on the maps in the Bureau of the Census 1970 PHC(1) series, but computer coding is permissible if explained on the statement.
7. "Multi-family dwellings" means residential dwellings for more than four families.
8. The column "Total Residential Mortgage Loans" should equal the sum of the preceding two columns (except for rounding).
9. This statement must be retained and made available for a period of five years from the last day of the reporting period.
10. If census tract itemization is required, the relevant tract maps should be conveniently made available with the statement.

SUPPLEMENT TO PART 203

PROCEDURES FOR AN APPLICATION FOR EXEMPTION PURSUANT TO PARAGRAPH (a)(3) OF SECTION 203.3

(a) **Application.** Any State or subdivision thereof,[1] State-chartered depository institution, or association of State-chartered depository institutions, may make application to the Board pursuant to the terms of this Supplement and the Board's Rules of Procedure (12 CFR 262) for a determination that, under the laws of that State or municipality,[2] a State-chartered depository institution is subject to requirements substantially similar to those imposed by Regulation C (12 CFR 203) and that there is adequate provision for enforcement of such requirements.

(b) **Supporting documents.** The application, which may be made by letter, shall be accompanied by (1) a copy of the full text of the laws of the State or municipality which are claimed by the applicant to impose requirements substantially similar to those imposed by this Regulation; (2) a statement of reasons to support the claim that applicable requirements of the laws of the State or municipality are substantially similar to all requirements imposed under this Regulation including an explanation of reasons as to why any differences are not significant; (3) a copy of the full text of the laws of the State or subdivision thereof which provide for enforcement of the State laws referred to in item (1) of this paragraph; and (4) an undertaking to inform the Board within 30 days of the occurrence of any change in the applicable law or regulations of the State or municipality.

(c) **Public notice of filing.** In connection with any application which has been filed in accordance with the requirements of paragraphs (a) and (b), notice of such filing will be published by the Board in the *Federal Register*, and a copy of such application will be made available for examination by interested persons during business hours at the Board and at the Federal Reserve Bank of each Federal Reserve District in which the applicant is situated. A period of time will be allowed from the date of such publication for the Board to receive written comments from interested persons with respect to that application. Should multiple applications be received with respect to the laws of the same State or municipality, the Board may, in its discretion, (1) consolidate the notice of receipt of all such applications in one *Federal Register* notice, and (2) dispense with publication of the notice of applications received after publication of the notice of an application relating to the laws of the same State or municipality.

(d) **Exemption from requirements.** If the Board determines on the basis of the information before it that under the laws of a State or municipality some or all State-chartered depository institution(s) are subject to requirements substantially similar to those imposed by this Regulation, and that there is adequate provision for enforcement of such requirements, the Board will exempt those State-chartered depository institutions in that State or municipality that are subject to such requirements from the requirements of the Act and the Board's regulations in the following manner: (1) Notice of the exemption will be published in the *Federal Register* and the Board will furnish a copy of such notice to the applicant, to each State or municipal authority responsible for administrative enforcement of the laws of the State or municipality, to the regulatory authorities specified in section 305(b) of the Act, and to each interested person who has participated in the proceeding. (2) The Board will inform the appropriate official of any State or municipality in which State-chartered depository institutions that have received an exemption are located of any subsequent amendments of the Act (including the implementing provisions of this Part and published interpretations of the Board) which might call for amendment of the law, regulations or official interpretations of the State or municipality.

(e) **Revocation of exemption.** (1) The Board reserves the right to revoke any exemption if it at any time determines that the laws of a State or municipality do not in fact impose requirements which are substantially similar to those imposed by this Regulation or that there is not in fact adequate provision for enforcement. (2) Notice of the Board's intention to revoke any exemption previously granted shall be published in the *Federal Register* and shall be transmitted to the appropriate official of the State or municipality.

[1] Hereinafter referred to as a municipality.

[2] Any reference to the laws of a State or municipality in this Supplement includes a reference to any regulations which implement such laws and official interpretations thereof, and to regulations of a State or municipal agency or department having jurisdiction over a class or classes of depository institutions.

A period of time will be allowed from the date of publication for the Board to receive written comments from interested persons with respect to the proposed revocation. (3) In the event of revocation of such exemption, notice of such revocation shall be published by the Board in the *Federal Register* and a copy of such notice shall also be furnished to the appropriate official of the State or municipality and to regulatory authorities specified in section 305(b) of the Act.

STATUTORY APPENDIX

Title III of Pub. Law 94–200 (approved Dec. 31, 1975); 89 Stat. 1125 *et seq.* 12 U.S.C. 2801–2809.

TITLE III—HOME MORTGAGE DISCLOSURE

Sec.

301. Short Title.
302. Findings and Purposes.
303. Definitions.
304. Maintenance of Records and Public Disclosure.
305. Enforcement.
306. Relation to State Laws.
307. Research and Improved Methods.
308. Study.
309. Effective Date.
310. Termination of Authority.

§ 301. Short Title

This title may be cited as the "Home Mortgage Disclosure Act of 1975."

§ 302. Findings and Purposes

(a) The Congress finds that some depository institutions have sometimes contributed to the decline of certain geographic areas by their failure pursuant to their chartering responsibilities to provide adequate home financing to qualified applicants on reasonable terms and conditions.

(b) The purpose of this title is to provide the citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located and to assist public officials in their determination of the distribution of public sector investments in a manner designed to improve the private investment environment.

(c) Nothing in this title is intended to, nor shall it be construed to, encourage unsound lending practices or the allocation of credit.

§ 303. Definitions

For purposes of this title—

(1) the term "mortgage loan" means a loan which is secured by residential real property or a home improvement loan;

(2) the term "depository institution" means any commercial bank, savings bank, savings and loan association, building and loan association, or homestead association (including cooperative banks) or credit union which makes federally related mortgage loans as determined by the Board;

(3) the term "Board" means the Board of Governors of the Federal Reserve System; and

(4) the term "Secretary" means the Secretary of Housing and Urban Development.

§ 304. Maintenance of Records and Public Disclosure

(a)(1) Each depository institution which has a home office or branch office located within a standard metropolitan statistical area, as defined by the Office of Management and Budget shall compile and make available, in accordance with regulations of the Board, to the public for inspection and copying at the home office, and at at least one branch office within each standard metropolitan statistical area in which the depository institution has an office the number and total dollar amount of mortgage loans which were (A) originated, or (B) purchased by that institution during each fiscal year (beginning with the last full fiscal

year of that institution which immediately preceded the effective date of this title).

(2) The information required to be maintained and made available under paragraph (1) shall also be itemized in order to clearly and conspicuously disclose the following:

(A) The number and dollar amount for each item referred to in paragraph (1), by census tracts, where readily available at a reasonable cost, as determined by the Board, otherwise by ZIP code, for borrowers, under mortgage loans secured by property located within that standard metropolitan statistical area.

(B) The number and dollar amount for each item referred to in paragraph (1) for all such mortgage loans which are secured by property located outside that standard metropolitan statistical area. For the purpose of this paragraph, a depository institution which maintains offices in more than one standard metropolitan statistical area shall be required to make the information required by this paragraph available at any such office only to the extent that such information relates to mortgage loans which were originated or purchased by an office of that depository institution located in the standard metropolitan statistical area in which the office making such information available is located.

(b) Any item of information relating to mortgage loans required to be maintained under subsection (a) shall be further itemized in order to disclose for each such item—

(1) the number and dollar amount of mortgage loans which are insured under title II of the National Housing Act or under title V of the Housing Act of 1949 or which are guaranteed under chapter 37 of title 38, United States Code;

(2) the number and dollar amount of mortgage loans made to mortgagors who did not, at the time of execution of the mortgage, intend to reside in the property securing the mortgage loan; and

(3) the number and dollar amount of home improvement loans.

(c) Any information required to be compiled and made available under this section shall be maintained and made available for a period of five years after the close of the first year during which such information is required to be maintained and made available.

§ 305. Enforcement

(a) The Board shall prescribe such regulations as may be necessary to carry out the purposes of this title. These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary and proper to effectuate the purposes of this title, and prevent circumvention or evasion thereof, or to facilitate compliance therewith.

(b) Compliance with the requirements imposed under this title shall be enforced under—

(1) section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, by the Comptroller of the Currency;

(B) member banks of the Federal Reserve System, other than national banks, by the Board;

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System) and mutual savings banks as defined in section 3(f) of the Federal Deposit Insurance Act (12 U.S.C. 1813(f)) and any other depository institution not referred to in this paragraph or paragraph (2) or (3) of this subsection, by the Board of Directors of the Federal Deposit Insurance Corporation;

(2) section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and sections 6(i) and 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions; and

(3) the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any credit union.

(c) For the purpose of the exercise by any agency referred to in subsection (b) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (b), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law.

§ 306. Relation to State Laws

(a) This title does not annul, alter, or affect, or exempt any State-chartered depository institution subject to the provisions of this title from comply-

ing with the laws of any State or subdivision thereof with respect to public disclosure and recordkeeping by depository institutions, except to the extent that those laws are inconsistent with any provision of this title, and then only to the extent of the inconsistency. The Board is authorized to determine whether such inconsistencies exist. The Board may not determine that any such law is inconsistent with any provision of this title if the Board determines that such law requires the maintenance of records with greater geographic or other detail than is required under this title, or that such law otherwise provides greater disclosure than is required under this title.

(b) The Board may by regulation exempt from the requirements of this title any State-chartered depository institution within any State or subdivision thereof if it determines that, under the law of such State or subdivision, that institution is subject to requirements substantially similar to those imposed under this title, and that such law contains adequate provisions for enforcement. Notwithstanding any other provision of this subsection, compliance with the requirements imposed under this subsection shall be enforced under—

(1) Section 8 of the Federal Deposit Insurance Act in the case of national banks, by the Comptroller of the Currency; and

(2) Section 5(d) of the Home Owners' Loan Act of 1933 in the case of any institution subject to that provision, by the Federal Home Loan Bank Board.

§ 307. Research and Improved Methods

(a) (1) The Federal Home Loan Bank Board, with the assistance of the Secretary, the Director of the Bureau of the Census, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and such other persons as the Federal Home Loan Bank Board deems appropriate, shall develop, or assist in the improvement of, methods of matching addresses and census tracts to facilitate compliance by depository institutions in as economical a manner as possible with the requirements of this title.

(2) There is authorized to be appropriated such sums as may be necessary to carry out this subsection.

(3) The Federal Home Loan Bank Board is authorized to utilize, contract with, act through, or compensate any person or agency in order to carry out this subsection.

(b) The Federal Home Loan Bank Board shall recommend to the Committee on Banking, Currency and Housing of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate such additional legislation as the Federal Home Loan Bank Board deems appropriate to carry out the purpose of this title.

§ 308. Study

(a) The Board, in consultation with the Secretary of Housing and Urban Development, is authorized and directed to carry out a study to determine the feasibility and usefulness of requiring depository institutions located outside standard metropolitan statistical areas, as defined by the Office of Management and Budget, to make disclosures comparable to those required by this title.

(b) A report on the study under this section shall be transmitted to the Congress not later than three years after the date of enactment of this title.

§ 309. Effective Date

This title shall take effect on the one hundred and eightieth day beginning after the date of its enactment. Any depository institution which has total assets as of its last full fiscal year of $10,000,000 or less is exempt from the provisions of this title.

§ 310. Termination of Authority

The authority granted by this title shall expire four years after its effective date.

FEDERAL ENFORCEMENT AGENCIES

The following list indicates the Federal Agencies that enforce Regulation C for each of the classes of depository institutions which must comply with its provisions. Any question concerning compliance by a particular depository institution should be directed to the appropriate enforcing agency.

National Banks

Comptroller of the Currency
Consumer Affairs Division
Washington, D.C. 20219

State Member Banks

Federal Reserve Bank serving the area in which the State member bank is located.

FDIC Insured Banks (except for National Banks and State Member Banks) and Mutual Savings Banks

Office of Bank Customer Affairs
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Savings and Loan Associations and Other Savings Institutions insured by the FSLIC and Members of the FHLB System (except for Savings Banks insured by FDIC)

Office of Housing and Urban Affairs
Federal Home Loan Bank Board
320 First Street, N.W.
Washington, D.C. 20552

Credit Unions

National Credit Union Administration
2025 M Street, N.W.
Washington, D.C. 20456

Other Depository Institutions

Office of Bank Customer Affairs
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

UNITED STATES DEPARTMENT OF COMMERCE
Bureau of the Census
Washington, D.C. 20233

May 1976

CENSUS BUREAU PRODUCTS FOR GEOCODING

This document has been developed in response to requests for information on census maps and related products for use in complying with the recent Federal Reserve Board Guidelines relating to the Home Mortgage Disclosure Act of 1975.

The following is a brief description of the census tract program of the U. S. Census Bureau, highlighting several products, such as census maps and tract street indexes, that can be used in the geocoding process.

Census Tracts

Census tracts are small, geographical areas into which counties located in Standard Metropolitan Statistical Areas (SMSA) 1/ have been divided for statistical purposes. Tract boundaries are selected by a local statistical areas committee and approved by the Bureau of the Census. They generally remain the same for a long time, so that statistical comparisons can be made from census to census.

The average tract has approximately 4,000 persons and is originally laid out with attention to achieving some uniformity of population characteristics, economic status, and living conditions.

Census Maps

Census maps are necessary for locating census tracts within metropolitan areas. There are basically four kinds of census maps which delineate census tracts: the tract outline maps, metropolitan maps, county maps, and place maps. None of these census maps show street numbers or address ranges which are generally necessary for manual geocoding.

Tract Outline Maps (Figure 1) show the boundaries of census tracts, counties, and all places (cities) with populations of 25,000 or more. Names of features which constitute tract boundaries are included on these maps except for very short segments. The scale of tract outline maps varies according to the size and complexity of the SMSA and, therefore, may range from 1-inch = ½ mile to 1-inch = 10 miles. Generally, there are two tract outline map sheets per SMSA. These maps are included as part of the Census Tract reports for SMSA's series PHC (1) of the 1970 census reports.

Individual copies of these tract outline maps can be obtained from the Data User Services Division, Bureau of the Census. Prices for these maps are shown on the attachment to this document. A $5.00 minimum is required for each order.

Metropolitan Map Series (Figure 2) The maps in this series generally cover the urbanized area (central city and suburbs) of SMSA's and show in great detail the locations and boundaries of census tracts, as well as the entire street pattern of the area covered by the maps. These maps are at a common scale of 1-inch = 2,000 feet. The series is available as part of the Block Statistics reports for urbanized areas, series HC(3) of the 1970 census reports. These reports can be obtained from the U. S. Government Printing Office. An order form for these reports is attached.

Individual copies of the metropolitan maps can be obtained from the Bureau of the Census. Prices for these maps are shown on the attachment to this document.

The following maps were not noted in the Federal Reserve Board's Guidelines; however, they do provide census tract boundary information for areas outside the metropolitan map coverage and in more detail than that found in the tract outline maps.

Place Maps These maps are available for incorporated and unincorporated places not covered by the Metropolitan Map Series. These maps, which are usually reproductions of maps supplied to the Bureau of the Census by local agencies, identify streets and show boundaries for tracts. Place maps generally vary in scale from 1-inch = 400 feet to 1-inch = 1,500 feet.

There is normally only one map sheet for each place. They are available only from the Data User Services Division at a price of $1.50 and up per map sheet, depending upon the size of the sheet, with a minimum order of $5.00.

County Maps These maps cover all portions of the county not covered by either the Metropolitan Map Series or individual place maps. They are frequently useful in determining street relationships for the areas beyond the suburbs in SMSA's. They are generally at a scale of 1-inch = 2 miles. The county maps do not show streets in the areas covered by the metropolitan maps.

These maps are available only from the Census Bureau. The cost is $1.50 per sheet, with a minimum order of $5.00.

Census Tract Street Indexes

The major drawback in using census maps to assign census tract codes is that they do not contain any address (street numbering) information. Therefore, the user must already know the location of the particular address or obtain a map showing street numbering from some other source. As an alternative, the user interested in geocoding may turn to the address reference files which were developed with the cooperation of local agencies for processing records from the 1970 Census Population and Housing. These reference files were known as Address Coding Guides (ACG) or Geographic Base/DIME files. (Figure 3)

These files present an inventory of all streets within the urbanized area (central city and suburbs) of each SMSA. Low and high address ranges are indicated for each street segment. (e. g., 100 block of Main Street, 3700 block of Elm Street, etc.). The file includes a census block code, a census tract code, city code, Zip Code, county code, and state code for each street segment. Because individual block detail is not required for assigning census tract codes, the number of records in the files can be greatly reduced by collapsing the address range to show only a high and low street address within a census tract. The resulting file would be a "census tract street index." (Figure 4) These street indexes can be used to assign census tract codes, either manually or be computer, to records with individual street addresses.

Because these files were developed by local agencies, generally the regional planning commission or council of governments within each SMSA, the Census Bureau has developed a cooperative program with them for the maintenance of the files. Therefore copies of the files frequently can be obtained through these agencies. These agencies, or the local planning departments, frequently have printed copies of census tract street indexes also.

Alternatively, these files can be obtained from the Bureau of the Census in either machine-readable or printed formats. The cost of obtaining the machine-readable version is $80 per reel of tape. The number of tapes required for each SMSA is shown on the attachment. The machine-readable version contains the complete street segment detail. Printouts of these files with the addresses collapsed to the tract level can be obtained for $80 per reel of input.

Computerized Geocoding

A set of computer programs called ADMATCH was developed by the Census Bureau to attach geographic codes to automated records containing street addresses. The ADMATCH system replaces the clerical look up process by comparing the individual data record address to a geographic reference list, such as the GBF/DIME file, and assigning the appropriate geographic codes to those records meeting the comparison

criteria. The system's programs are written in IBM 360/370 Assembly Language under DOS or OS operating systems and are available from the Census Bureau for $80. A non-technical description of the ADMATCH system, ADMATCH ADVENTURES, can be obtained by writing the Center for Census Use Studies, Bureau of the Census.

Map and Address Quality

Mention should be made of the quality of these maps and address files. As was noted above, the files were created for the 1970 census; therefore, they reflect the street pattern/address system as of 1969-1970. This means that recent street additions will not be included in the files or on the maps.

Ordering Procedures

Users can obtain the above mentioned products from the Census Bureau by sending a check or money order for the amounts indicated, payable to "Commerce-Census", to:

Customer Services Branch
Data User Services Division
Bureau of the Census
Washington, D. C. 20233

Those wishing to obtain computer tapes, please indicate the track and density specifications desired. If you wish further information, you may write to the above address or call 301/763-5266.

1/ Established by the Office of Management and Budget, an SMSA in 1970 consisted of a county or group of contiguous counties containing at least one city having a population of 50,000 or more, or two contiguous cities with a combined population of 50,000, the smaller of which must have 15,000 inhabitants, plus adjacent counties which are metropolitan in character and socially and economically integrated with the central city.

FIGURE 1
CENSUS TRACT OUTLINE MAP

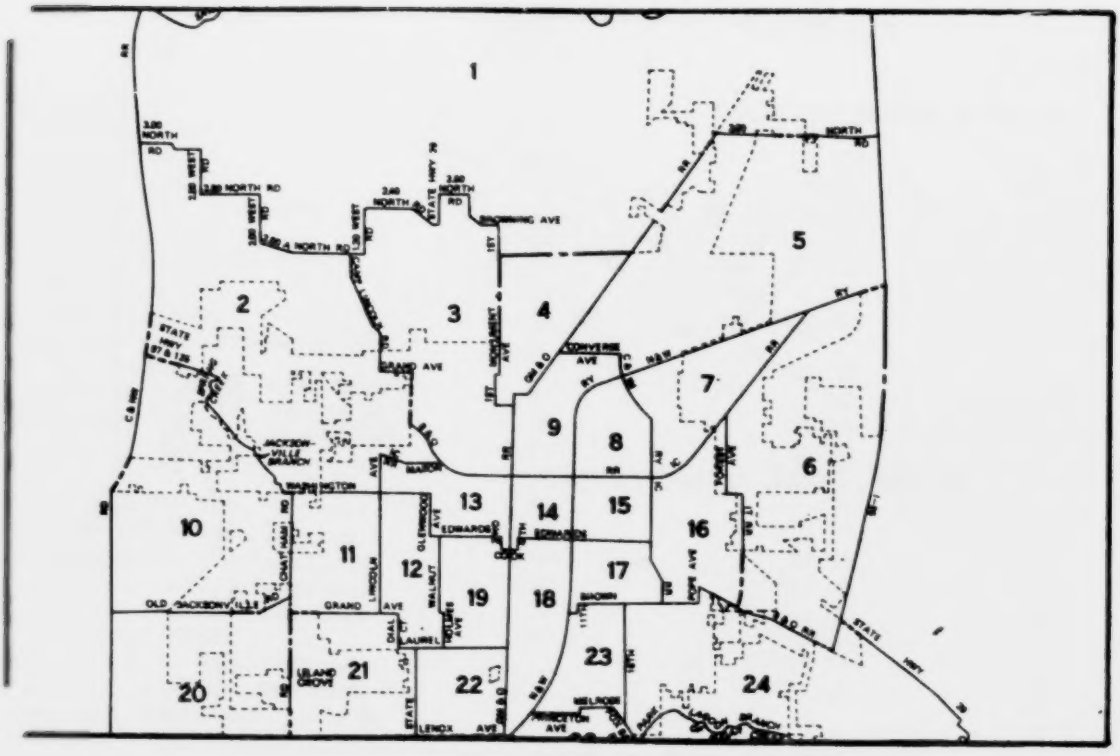

FIGURE 2
CENSUS METROPOLITAN MAP

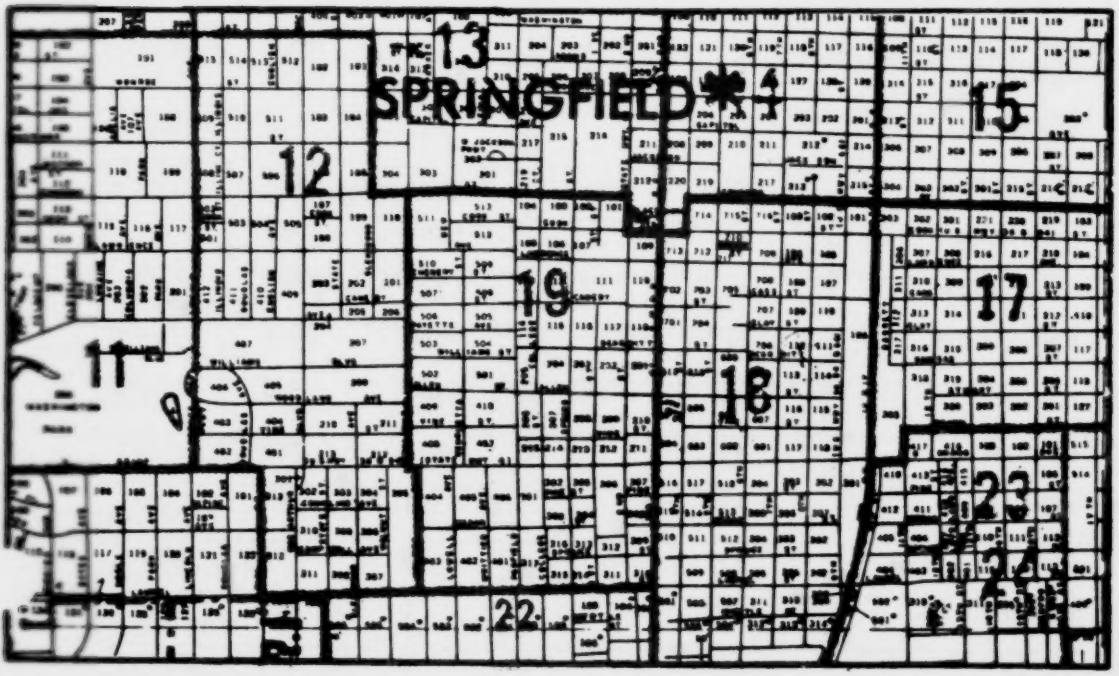

FIGURE 3
GBF/DIME-FILE RECORD

For each street segment

A GBF/DIME record contains

Street Name	MAIN
Street Type	ST
Lt Addresses	101-199
Rt Addresses	100-198
Left Block	138
Left Tract	9
Right Block	131
Right Tract	9
Low Node	123
X-Y coordinate	155000
	232000
High Node	124
X-Y coordinate	156000
	234000

FIGURE 4
PRINTOUT FROM GBF/DIME-FILE

STREET IDENTIFICATION			N	LOW	HIGH	CENSUS
DP	NAME	TYPE	SF	S	ADDR	ADDR	TRACT
	BERINGER	AV			200	298	201
	BERKELEY	DR			3601	3999	6
	BERKELEY	DR			3600	3998	6
	BERKSHIRE	PL			1701	2099	7
	BERKSHIRE	PL			1700	2098	7
N	BERLIN	AV			301	399	4702
N	BERLIN	AV			200	398	4702
N	BERLIN	AV			1	99	10001
N	BERLIN.	AV			0	98	10001
S	BERLIN	AV			1	399	10001
S	BERLIN	AV			1	398	10001
S	BERLIN	AV			401	699	10002

CENSUS MAP PRICES AND NUMBER OF REELS FOR GEOGRAPHIC BASE FILES

SMSA	Tract Outline	Metropolitan Maps	GBF or ACO* (# of reels)
Abilene, Texas	$1.20	$12.00	1
Akron, Ohio	1.50	49.50 1/	1
Albany, Georgia	1.20	6.00	1
Albany-Schenectady-Troy, N. Y.	2.25	24.00	1*
Albuquerque, N. Mex.	1.50	13.50	1
Allentown-Bethlehem, Pa.	1.50	21.50	1
Altoona, Pa.	1.20	4.50	1
Amarillo, Texas	1.20	12.00	1
Anaheim-Santa Ana-Garden Grove, California	2.80	21.00	1
Anderson, Indiana	1.20	9.00	1*
Ann Arbor-Detroit, Michigan	1.50	13.50	1
Appleton-Oshkosh, Wisc.	1.75	15.00	1
Asheville, N. C.	1.20	9.00	1
Atlanta, Georgia	2.25	42.00	1
Atlantic City, N. J.	1.20	13.50	1*
Augusta, Georgia-S. C.	1.50	16.50	1
Austin, Texas	1.20	15.00	1
Bakersfield, California	1.50	9.00	1
Baltimore, Md.	3.90	51.00	2
Baton Rouge, Louisiana	1.20	13.50	1
Bay City-Saginaw, Michigan	1.20	12.00	1
Beaumont-Port Arthur-Orange, Texas	1.75	21.00	1
Billings, Montana	1.20	6.00	1
Biloxi-Gulfport, Miss.	1.50	10.50	1
Binghamton, N. Y._Pa.	1.20	15.00	1
Birmingham, Alabama	2.80	31.50	1
Bloomington-Normal, Illinois	1.20	9.00	1*
Boise City, Idaho	1.20	9.00 3/	1
Boston, Mass.	2.75	79.50 2/	2
Bridgeport, Conn.	1.20	22.50 2/	1*
Bristol, Conn.	.90	9.00 3/	1
Brockton, Mass.	1.20	10.50 3/	1
Brownsville-Harlingen-San Benito, Texas	1.75	13.50	1
Buffalo, N. Y.	1.50	24.00	1*
Canton, Ohio	1.75	25.50 1/	1
Cedar Rapids, Iowa	1.20	9.00	1
Champaign-Urbana-Rantoul, Ill.	1.75	6.00	1
Charleston, W. Va.	1.75	16.50	1
Charleston, S. C.	1.75	21.00	1
Charlotte, N. C.	1.50	15.00	1
Chattanooga, Tenn.	1.20	12.00	1
Chicago, Illinois	4.95	97.50	4
Cincinnati, Ohio	2.25	36.00 1/	1
Cleveland, Ohio	2.25	49.50 1/	2
Colorado Springs, Colo.	1.75	15.00	1
Columbia, Missouri	1.20	3.00	
Columbia, S. C.	1.50	16.50	1
Columbus, Georgia	1.20	12.00	1

PRICE LIST (Cont'd)

SMSA	Tract Outline	Metropolitan Maps	GBF or ACG* (# of reels)
Columbus, Ohio	$2.25	$19.50	1
Corpus Christi, Texas	1.75	24.00	1
Dallas, Texas	1.75	55.50	2
Danbury, Conn.		12.00	
Davenport-Rock Island-Moline, Iowa-Illinois	1.50	13.50	1
Dayton, Ohio	1.75	22.50	1
Decatur, Illinois	1.20	12.00	1*
Denver, Colorado	2.80	37.50	1
Des Moines, Iowa	1.20	18.00	1
Detroit-Ann Arbor, Michigan	2.25	72.00	3
Dubuque, Iowa	1.20	3.00	1
Duluth-Superior, Minn.-Wisconsin	1.50	13.50	1
Durham, N. C.	1.20	10,50	1
El Paso, Texas	1.75	15.00	1
Erie, Pa.	1.20	6.00	1
Eugene-Springfield, Oregon	1.75	10.50	1
Evansville, Indiana-Kentucky	1.20	7.50	1
Fall River, Mass.-R. I.	1.20	39.00	1
Fargo-Moorhead, N. D.-Minn.	1.20	6.00	1
Fayetteville, N. C.	1.20	12.00	1
Fitchburg-Leominster, Mass.	1.50	10.50	1
Flint, Michigan	1.20	18.00	1
Fort Lauderdale-Hollywood, Fla.	1.75	24.00	1
Fort Smith, Arkansas-Okla.	1.20	9.00	1
Fort Wayne, Indiana	1.75	12.00	1
Fort Worth, Texas	2.25	42.00	1
Fresno, California	1.75	15.00	1
Gasden, Alabama	1.20	12.00	1
Gainesville, Florida	1.20	8.00	1
Galveston-Texas City, Texas	2.25	22.50	1
Gary-Hammond-East Chicago, Ind.	1.75	27.00	1
Grand Rapids, Michigan	1.75	18.00	1*
Great Falls, Montana	1.20	6.00	1
Green Bay, Wisconsin	1.20	12.00	1
Greensboro-Winston-Salem-High Point, N. C.	$1.75	$22.50	1*
Greenville-Spartanburg, N. C.	1.20	13.50	1
Hamilton-Middleton, Ohio	1.50	15.00	1
Harrisburg, Pa.	1.20	15.00	1*
Hartford, Conn.	1.50	15.00	1
Honolulu, Hawaii	2.25	40.50	1
Houston, Texas	2.25	100.50	2
Huntington-Ashland, West Virginia-Kentucky-Ohio	1.50	10.50	1
Huntsville, Alabama	1.50	19.50	1
Indianapolis, Indiana	2.25	27.00	1
Jackson, Michigan	1.20	9.00	1*
Jackson, Miss.	1.75	12.00	1
Jacksonville, Fla.	1.20	52.50	1
Jersey City, N. J.	2.25	9.00	2

PRICE LIST (Cont'd)

SMSA	Tract Outline	Metropolitan Maps	GBF or ACG* (# of reels)
Johnstown, Pa.	$1.20	$ 10.50	1
Kalamazoo-Portage, Michigan	1.20	9.00	1
Kansas City, Missouri-Kansas	2.25	39.00	2
Kenosha, Wisconsin	1.20	9.00	1
Knoxville, Tennessee	1.75	15.00	1
La Crosse, Wisconsin			
Lafayette, Louisiana	1.20	6.00	
Lafayette-West Lafayette, Ind.	1.20	6.00	
Lake Charles, Louisiana	1.20	6.00	
Lancaster, Pa.	1.75	13.50	1
Lansing-East Lansing, Michigan	1.50	13.50	1*
Laredo, Texas	1.20	3.00	1
Las Vegas, Nevada	1.50	16.50 3/	1
Lawrence-Haverhill, Mass.-N. H.	1.50	18.00 3/	1
Lawton, Oklahoma	1.20	6.00	1
Lewiston-Auburn, Maine	1.20	12.00	1
Lexington-Fayette, Kentucky	1.20	6.00	1
Lima, Ohio	1.20	10.50	1
Lincoln, Nebraska	1.20	7.50	1
Little Rock-North Little Rock, Arkansas	2.05	18.00 1/	1
Lorain-Elyria, Ohio	1.75	24.00 1/	1
Los Angeles-Long Beach, Calif.	3.90	99.00	4
Louisville, Kentucky-Indiana	2.25	24.00 3/	1
Lowell, Mass.-New Hampshire	1.20	18.00 3/	1
Lubbock, Texas	1.20	6.00	1
Lynchburg, Virginia	1.20	7.50	1
Macon, Georgia	1.20	10.50	1
Madison, Wisconsin	1.50	12.00	1
Manchester, New Hampshire	1.20	15.00	1
Mansfield, Ohio	1.20	7.50	1*
McAllen-Pharr-Edinburg, Texas	1.20	12.00	1
Memphis, Tenn.-Arkansas-Miss.	1.50	22.50 2/	1
Meriden, Conn.	.90	12.00 2/	1*
Miami, Florida	1.75	28.50	2
Midland, Texas	1.20	6.00	1
Milwaukee, Wisconsin	1.75	42.00	1
Minneapolis-St.Paul, Minn.-Wisconsin	3.10	67.50	2
Mobile, Alabama	1.50	16.50	1
Modesto, California	1.20	6.00	
Monroe, Louisiana	1.20	9.00	1
Montgomery, Alabama	1.20	6.00	1
Muncie, Indiana	1.20	6.00	1
Muskegon-Muskegon Heights, Michigan	1.20	9.00	1*
Nashville-Davidson, Tenn.	1.75	42.00	1*
Nassau-Suffolk, N. J.	(See New York)	60.00 4/	2
New Bedford, Mass.	1.20	16.50	1

PRICE LIST (Cont'd)

SMSA	Tract Outline	Metropolitan Maps	GBF or ACG* (# of reels)
New Britain, Conn.	$1.20	$21.00 2/	1
New Haven-West Haven, Conn.	1.20	28.50 2/	1*
New London-Norwich, Conn.-Rhode Island	1.50	16.50	1*
New Orleans, Louisiana	2.05	31.50 4/	1
New York, N. Y.-N. J.	7.90	82.50 4/	4
Newark, N. J.	3.10	57.00 4/	2
Newport News-Hampton, Va.	1.50	19.50	1
Norfolk-Virginia Beach-Portsmouth, Va.-N. C.	2.05	45.00 2/	1*
Norwalk, Conn.	1.20	12.00 2/	1*
Odessa, Texas	1.20	10.50	1
Ogden, Utah	1.20	36.00	1
Oklahoma City, Oklahoma	1.75	70.50	1
Omaha, Nebraska-Iowa	2.05	15.00	1
Orlando, Florida	1.75	25.50	1*
Oxnard-Simi Valley-Ventura, California	1.75	27.00 4/	1
Paterson-Clifton-Passaic, N.J.	1.50	37.50 4/	2
Pensacola, Florida	1.75	10.50	1*
Peoria, Illinois	1.50	21.00	1
Philadelphia, Pa. N. J.	3.90	64.50	3
Phoenix, Arizona	1.50	49.50	1
Pine Bluff, Arkansas	1.20	6.00	1
Pittsburgh, Pa.	3.90	110.00	2
Pittsfield, Mass.	1.20	6.00	1
Portland, Maine	1.20	13.50	1
Portland, Oregon-Washington	2.25	31.50	2
Providence-Warwick-Pawtucket, Rhode Island-Mass.	2.25	39.00	1
Provo-Orem, Utah	1.75	9.00	1
Pueblo, Colorado	1.20	6.00	1
Racine, Wisconsin	1.20	81.00	1
Raleigh, N. C.	1.20	15.00	1
Reading, Pa.	1.75	9.00	1
Reno, Nevada	1.20	10.50	1
Richmond, Va.	1.50	25.50	1*
Riverside-SanBernardino-Ontario, California	2.25	48.00	1*
Roanoke, Va.	1.50	10.50	1
Rochester, Minnesota	1.20	6.00	
Rochester, N. Y.	1.75	19.50	1
Rockford, Illinois	1.75	10.50	1
Sacramento, California	2.25	24.00	1
Saginaw-Bay City, Michigan	1.20	12.00	1
St. Joseph, Missouri	1.20	7.50	1
St. Louis, Missouri-Illinois	2.00	30.00	2
Salem, Oregon	1.20	9.00	1

PRICE LIST (Cont'd)

SMSA	Tract Outline	Metropolitan Maps	GBF or ACO* (# of reels)
Salinas-Seaside-Monterey, Calif.	$1.75	$ 13.50	1
Salt Lake City-Ogden, Utah	1.50	36.00	1
San Angelo, Texas	1.20	6.00	1
San Antonio, Texas	1.50	33.00	1
San Diego, California	2.80	61.50	1
San Francisco-Oakland, Calif. (includes Vallejo-Napa)	5.40	109.50	4
San Jose, California	2.25	43.50	1
Santa Barbara-Santa Maria-Lompoc, California	1.75	4.50	1
Santa Rosa, California	1.20	6.00	1
Savannah, Georgia	1.20	10.50	1
Scranton, Pa.	1.20	13.50	1
Seattle-Everett, Wash.	2.25	31.50	2
Sherman-Denison, Texas	1.20	12.00	1
Shreveport, Louisiana	2.05	13.00	1
Sioux City, Iowa-Nebraska	1.20	9.00	1
Sioux Falls, South Dakota	1.20	6.00	1
South Bend, Indiana	1.20	15.00	1
Spokane, Washington		12.00	1
Springfield, Illinois	1.50	12.00	1*
Springfield, Missouri	1.20	9.00	1
Springfield, Ohio	1.20	6.00	1
Springfield-Chicopee-Holyoke, Massachusetts-Conn.	1.75	30.00 2/	1
Stamford, Conn.	1.20	13.50 2/	1*
Steubenville-Weirton, Ohio-West Virginia	1.20	9.00	1
Stockton, California	1.75	9.00	1
Syracuse, N. Y.	1.20	13.50	1*
Tacoma, Washington	1.50	19.50	1
Tallahassee, Florida	1.20	7.50	1
Tampa-St. Petersburg, Fla.	2.25	43.50	2
Terre Haute, Indiana	1.75	9.00	1
Texarkana, Texas-Texarkana, Arkansas	1.20	6.00	1
Toledo, Ohio-Michigan	1.75	16.50	1
Topeka, Kansas	1.20	7.50	1
Trenton, N. J.	1.20	15.00	1
Tucson, Arizona	1.50	16.50	1
Tulsa, Oklahoma	1.50	25.50	1
Tuscaloosa, Alabama	1.20	6.00	1
Tyler, Texas	1.20	10.50	1
Utica-Rome, N. Y.	1.75	19.50	1
Vallejo-Fairfield-Napa, Calif.	1.50	(See San Francisco)	1
Vineland-Millville-Bridgeton, New Jersey	1.50	13.50	1*
Waco, Texas	1.75	18.00	1

PRICE LIST (Cont'd)

SMSA	Tract Outline	Metropolitan Maps	GBF or ACG* (# of reels)
Washington, D. C.-Md.-Va.	$6.00	$46.50	2
Waterbury, Conn.	1.20	13.50 2/	1*
Wilkes-Barre, Pa.	1.20	18.00	1
Waterloo-Cedar Falls, Iowa	1.20	9.00	1
West Palm Beach-Boca Raton, Fla.	2.25	27.00	1
Wheeling, W. Va.-Ohio	1.75	10.50	1
Wichita, Kansas	1.50	15.00	1
Wichita Falls, Texas	1.75	9.00	1
Wilmington, Delaware-N. J.-Md.	1.75	18.00	1
Wilmington, N. C.		9.00	
Worcester, Mass.	1.50	33.00	1
York, Pa.	1.50	10.50	1
Youngstown-Warren, Ohio	1.75	18.00	1

*ACG - Address Coding Guides - Forerunner to the Geographic Base file, these files were developed in 1968-1969 in 145 SMSAs. They contain address range and census tract identifies necessary for geocoding. They have been replaced by GBFs in many SMSAs.

1/ Northeastern Ohio map series - 76 sheets ($114) includes Akron, Canton, Cleveland, and Lorain-Elyria, SMSAs.

2/ Southwestern Connecticut map series - 47 sheets ($70.50) includes Bridgeport, Meridan, New Haven, Norwalk, Stamford, and Waterbury, SMSAs.

3/ Eastern Massachusetts map series - 73 sheets ($109.50) includes Boston, Brocton, Lawrence-Haverhill, and Lowell, SMSAs.

4/ New York-Northeastern New Jersey map series - 144 sheets ($216) includes New York and Nassau-Suffolk, New York, SMSAs and Jersey City, Newark, and Patterson-Clifton-Passaic, New Jersey, SMSAs.

STANDARD METROPOLITAN STATISTICAL AREAS
As of June 28, 1976

The following are the new SMSAs. This list modifies the Board's mimeographed publication Standard Metropolitan Statistical Areas as of June 28, 1976.

New SMSAs

SMSA Code	Census Bureau PHC (1) Report No.	SMSA Title and Counties Comprising SMSA
1140	None*	BRADENTON, FLORIDA SMSA Manatee County
2985	None*	GRAND FORKS, NORTH DAKOTA—MINNESOTA SMSA Grand Forks County, N.D. Polk County, Minn.
3850	None*	KOKOMO, INDIANA SMSA Howard County Tipton County
4150	None*	LAWRENCE, KANSAS SMSA Douglas County
6015	None*	PANAMA CITY, FLORIDA SMSA Bay County

*Since none of the counties in the newly created SMSAs were tracted by the Census Bureau for the 1970 census, there are no PHC (1) maps available for those counties. Consequently, the required disclosures relating to property located in those counties may be made by U.S. Postal Service ZIP code area, rather than by census tract.

Board of Governors of the Federal Reserve System

Standard Metropolitan Statistical Areas
As of June 28, 1976

The attached list[1/] is designed for use in conjunction with the Federal Reserve Home Mortgage Disclosure regulations (Regulation C). It contains the current definitions of all standard metropolitan statistical areas ("SMSAs") and references to the PHC(1) reports in which the appropriate census tract maps are to be found.[2/]

The list serves three principal functions:

1. By providing the definition of each SMSA, the list enables a depository institution to determine (i) whether it has its home office or any of its branch offices located in a SMSA, and (ii) if it is subject to the regulations, for which SMSA or SMSAs it must prepare a mortgage loan disclosure statement.

2. The list permits a depository institution to determine whether a particular mortgage loan should be included in Section I of its mortgage loan disclosure statement (i.e., mortgage loan data relating to residential real property located within the relevant SMSA) or whether the mortgage loan should be included in Section II (i.e., mortgage loan data relating to residential real property located outside the relevant SMSA (or SMSAs)).

3. Through the use of asterisks marking certain portions of SMSAs, the list enables a depository institution to determine to what extent itemization of prospective Section I data may be by ZIP codes, in lieu of census tracts. (Retrospective Section I data may be itemized by ZIP codes, in lieu of census tracts, in all cases in accordance with section 203.4(a)(2) of Regulation C.)[3/]

1/ The list has been prepared by the Board's Office of Saver and Consumer Affairs. This list is believed to be accurate and complete, but it is not an official publication of the Office of Management and Budget or the Bureau of the Census.

2/ The attached list replaces a list of SMSAs dated March 22, 1976 (together with an errata sheet), that the Board made available at the time Regulation C was proposed for comment. No changes in SMSAs have been made by the Office of Management and Budget since March 22, 1976, and none will be made between the date of release of the attached list and June 28, 1976, the effective date of Regulation C. If changes in SMSAs are made in the future, the Board will issue a timely announcement. (The PHC(1) maps will not be changed until the taking of the 1980 census.)

3/ Section 203.4(a)(2) of Regulation C provides:

> Mortgage loan data relating to residential real property located within the relevant SMSA may be itemized, according

Since the disclosure statements are to be prepared on the basis of current SMSA definitions, the list should be consulted in connection with working with the maps for the following reasons: (1) the maps were prepared on the basis of 1971 SMSA definitions, and some of these definitions have been changed since then; (2) 35 of the maps show "adjacent areas" with then-defined SMSAs; some of these adjacent areas have been added to SMSAs since the maps were prepared, and some have not been added; and (3) in view of changes in definitions, a PHC(1) map for some other SMSA may have to be used with respect to some portions of a currently defined SMSA (whenever this is necessary, a parenthetical reference to the appropriate PHC(1) report is provided in the list).

The following examples are given to illustrate the use of the list in conjunction with the PHC(1) maps:

(1) The Chicago, Ill. SMSA is defined (p. 9 of the list) as comprising Cook, Du Page, Kane, Lake, McHenry and Will counties.

3/ (continued from preceding page)

> to the classifications specified in subsection (1) of this paragraph, by United States Postal Service ZIP codes for the area in which the principal residential real property securing the residential mortgage loan (or, in the case of home improvement loans, the property to be improved) is located, in lieu of census tracts, to the extent that such data relate to:
>
> (i) a full fiscal year ending prior to July 1, 1976; or
>
> (ii) a part of a fiscal year if that part ends on June 30, 1976, provided that a mortgage loan disclosure statement for that part of the fiscal year is made available by the depository institution by September 30, 1976, and a separate mortgage loan disclosure statement for the remaining part of that fiscal year (itemizing mortgage loan data relating to residential real property within the relevant SMSA by census tracts) is made available by the depository institution within ninety days of the end of that fiscal year; or
>
> (iii) residential real property located in an area of a currently defined relevant SMSA that is not tracted on the maps (as a portion of then-defined SMSAs or otherwise) in the series "1970 Census of Population and Housing: CENSUS TRACTS, Final Reports, PHC(1) Series" prepared by the Bureau of the Census of the United States Department of Commerce.

As a matter of convenience, the asterisks appearing on the list indicate the operation of clause (iii) of section 203.4(a)(2).

The PHC(1)-43 map shows census tracts for all six of these counties and for no other areas. A depository institution located in that SMSA must itemize by census tracts (in Section I of its statement) its mortgage loans on property located in any of these six counties.

(2) The Milwaukee, Wis. SMSA is defined (p. 22) as comprising Milwaukee, Ozaukee, Washington and Waukesha counties. The PHC(1)-131 map shows census tracts for these four counties, as well as for Walworth County. A depository institution located in that SMSA would include its mortgage loans on property located in Walworth County in the aggregate figures in Section II of its statement (i.e., such loans are not to be itemized by census tracts). It would itemize by census tracts its mortgage loans on property located in any of the other four counties (in Section I of its statement).

(3) The Lynchburg, Va. SMSA is defined (p. 21) as comprising Lynchburg city, Amherst County, Appomattox County, and Campbell County. The PHC(1)-121 map shows census tracts for Lynchburg city, Amherst County, Campbell County, and part of Bedford County. Census tracts for Appomattox County are not found on that map nor on any other map in the PHC(1) series (as indicated by the asterisk next to the name of that county on p. 21). A depository institution located in that SMSA would itemize by census tracts (in Section I of its statement) its mortgage loans on property located in Lynchburg city, Amherst County and Campbell County; it would itemize by ZIP codes (in Section I of its statement) its mortgage loans on property located in Appomattox County; and it would include in the aggregate figures in Section II of its statement its mortgage loans on property located anywhere in Bedford County.

(4) The Detroit, Mich. SMSA is defined (pp. 11-12) as comprising Lapeer, Livingston, Macomb, Oakland, St. Clair and Wayne counties. The PHC(1)-58 map shows census tracts for all of these counties except Lapeer County. As noted parenthetically on page 11 of the list, census tracts for Lapeer County are found in the PHC(1)-70 report (for the Flint, Mich. SMSA). A depository institution located in the Detroit SMSA would itemize by census tracts (in Section I of its statement) its mortgage loans on property located in any of the six counties. (A depository institution located in the Flint SMSA and not in the Detroit SMSA would, of course, include its mortgage loans on property located in Lapeer County in the aggregate figures in Section II of its statement.)

(5) The Salt Lake City-Ogden, Utah SMSA is defined (p. 32) as comprising Davis, Salt Lake, Tooele, and Weber counties. That SMSA is a consolidation of two former SMSAs for which separate PHC(1) maps had been prepared. The PHC(1)-151 map shows census tracts for Weber County only, and the PHC(1)-184 map shows census tracts for Davis and Salt Lake counties only. Census tracts for Tooele County are not shown on either of those maps nor on any other map in the PHC(1) series. A depository institution located in that SMSA would itemize by ZIP codes (in Section I of its statement) its mortgage loans on property located in Tooele County; and it would itemize by census tracts (in Section I of its statement) its mortgage loans on property located in any of the other three counties.

(6) The Nassau-Suffolk, N.Y. SMSA is defined (p. 24) as comprising Nassau County and Suffolk County. No PHC(1) report was prepared for that SMSA. However, census tracts for both those counties are shown in the PHC(1)-145 report (for the New York, N.Y.-N.J. SMSA), as parenthetically indicated on page 24 of the list. A depository institution located in the Nassau-Suffolk SMSA would itemize by census tracts (in Section I of its statement) its mortgage loans on property located in either of those counties.

(7) The Charleston, W. Va. SMSA is defined (p. 8) as comprising Kanawha County and Putnam County. The PHC(1)-40 map shows census tracts for Kanawha County only. Census tracts for Putnam County are not shown anywhere in the PHC(1) series, as indicated by the asterisk appearing next to the name of that county on page 8. A depository institution located in that SMSA would itemize by census tracts (in Section I of its statement) its mortgage loans on property located in Kanawha County, and it would itemize by ZIP codes (in Section I of its statement) its mortgage loans on property located in Putnam County.

(8) The Florence, Ala. SMSA is defined (p. 13) as comprising Colbert County and Lauderdale County. No PHC(1) report was prepared for that SMSA, and census tracts for the component counties are not found anywhere in the PHC(1) series. A depository institution located in that SMSA would itemize by ZIP codes (in Section I of its statement) its mortgage loans on property located in either of those counties.

* * *

Standard Metropolitan Statistical Areas
As of June 28, 1976

[Note: A depository institution that is subject to Federal Reserve Regulation C and that has a home or branch office located in any of the following SMSAs must itemize its mortgage loans on property located in that SMSA by census tracts, except that if the property is located in a portion of that SMSA where an asterisk appears on this list, loans on property located in that portion marked by the asterisk may be itemized by ZIP codes in lieu of census tracts.]

SMSA AREA CODE	PHC (1) REPORT NUMBERS	AREA TITLE
0040/1		ABILENE, TEXAS *Callahan County Jones County Taylor County
0080/2		AKRON, OHIO Portage County Summit County
0120/3		ALBANY, GEORGIA Dougherty County *Lee County
0160/4		ALBANY-SCHENECTADY-TROY, NEW YORK Albany County *Montgomery County Rensselaer County Saratoga County Schenectady County
0200/5		ALBUQUERQUE, NEW MEXICO Bernalillo County *Sandoval County
0220/none		ALEXANDRIA, LOUISIANA *Grant Parish *Rapides Parish
0240/6		ALLENTOWN-BETHLEHEM-EASTON, PENNSYLVANIA-NEW JERSEY *Carbon County, Pennsylvania Lehigh County, Pennsylvania Northampton County, Pennsylvania Warren County, New Jersey
0280/7		ALTOONA, PENNSYLVANIA Blair County
0320/8		AMARILLO, TEXAS Potter County Randall County
0360/9		ANAHEIM-SANTA ANA-GARDEN GROVE, CALIFORNIA Orange County
0380/none		ANCHORAGE, ALASKA *Anchorage Census Division
0400/10		ANDERSON, INDIANA Madison County
0440/11		ANN ARBOR, MICHIGAN Washtenaw County
0450/none		ANNISTON, ALABAMA *Calhoun County
0460/12		APPLETON-OSHKOSH, WISCONSIN Calumet County Outagamie County Winnebago County
0480/13		ASHEVILLE, NORTH CAROLINA Buncombe County *Madison County
0520/14		ATLANTA, GEORGIA *Butts County *Cherokee County Clayton County Cobb County De Kalb County Douglas County *Fayette County *Forsyth County Fulton County Gwinnett County Henry County *Newton County

(continued)

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		*Paulding County
		Rockdale County
		*Walton County
	0560/15	ATLANTIC CITY, NEW JERSEY
		Atlantic County
	0600/16	AUGUSTA, GEORGIA-SOUTH CAROLINA
		*Columbia County, Georgia
		Richmond County, Georgia
		Aiken County, South Carolina
	0640/17	AUSTIN, TEXAS
		*Hays County
		Travis County
	0680/18	BAKERSFIELD, CALIFORNIA
		Kern County
	0720/19	BALTIMORE, MARYLAND
		Baltimore City
		Anne Arundel County
		Baltimore County
		Carroll County
		Harford County
		Howard County
	0760/20	BATON ROUGE, LOUISIANA
		*Ascension Parish
		East Baton Rouge Parish
		*Livingston Parish
		West Baton Rouge Parish
	0780/none	BATTLE CREEK, MICHIGAN
		*Barry County
		*Calhoun County
	0800/21	BAY CITY, MICHIGAN
		Bay County

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
	0840/22	BEAUMONT-PORT ARTHUR-ORANGE, TEXAS
		*Hardin County
		Jefferson County
		Orange County
	0880/23	BILLINGS, MONTANA
		Yellowstone County
	0920/24	BILOXI-GULFPORT, MISSISSIPPI
		*Hancock County
		Harrison County
		*Stone County
	0960/25	BINGHAMTON, NEW YORK-PENNSYLVANIA
		Broome County, New York
		Tioga County, New York
		Susquehanna County, Pennsylvania
	1000/26	BIRMINGHAM, ALABAMA
		Jefferson County
		*St. Clair County
		Shelby County
		Walker County
	1020/none	BLOOMINGTON, INDIANA
		*Monroe County
	1040/27	BLOOMINGTON-NORMAL, ILLINOIS
		McLean County
	1080/28	BOISE CITY, IDAHO
		Ada County
	1120/29	BOSTON, MASSACHUSETTS
		Essex County (part)
		Beverly City
		Lynn City
		Peabody City
		Salem City
		Boxford town
		Danvers town
		Hamilton town

(continued)

1/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		Lynnfield town
		Manchester town
		Marblehead town
		Middleton town
		Nahant town
		Saugus town
		Swampscott town
		Topsfield town
		Wenham town
		Middlesex County (part)
		Cambridge city
		Everett city
		Malden city
		Medford city
		Melrose city
		Newton city
		Somerville city
		Waltham city
		Woburn city
		Acton town
		Arlington town
		Ashland town
		Bedford town
		Belmont town
		*Boxborough town
		Burlington town
		Carlisle town
		Concord town
		Framingham town
		*Holliston town
		Lexington town
		Lincoln town
		Natick town
		North Reading town
		Reading town
		Sherborn town
		Stoneham town
		Sudbury town
		Wakefield town
		Watertown town

(continued)

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		Wayland town
		Weston town
		Wilmington town
		Winchester town
		Norfolk County (part)
		Quincy city
		Bellingham town (In PHC-(1)-166)
		Braintree town
		Brookline town
		Canton town
		Cohasset town
		Dedham town
		Dover town
		Foxborough town
		Franklin town (In PHC-(1)-166)
		Holbrook town
		Medfield town
		Medway town
		Millis town
		Milton town
		Needham town
		Norfolk town
		Norwood town
		Randolph town
		Sharon town
		Stoughton town (In PHC-(1)-32)
		Walpole town
		Wellesley town
		Westwood town
		Weymouth town
		Wrentham town (In PHC-(1)-166)
		Plymouth County (part)
		Abington town (In PHC-(1)-32)
		Duxbury town
		Hanover town
		Hanson town (In PHC-(1)-32)
		Hingham town
		Hull town
		*Kingston town
		Marshfield town
		Norwell town
		Pembroke town
		Rockland town
		Scituate town

(continued)

1/ Report by ZIP Code.

SMSA AREA CODE	FMC(1) REPORT NUMBERS	AREA TITLE
		Suffolk County
		Boston city
		Chelsea city
		Revere city
		Winthrop town
1160/30		BRIDGEPORT, CONNECTICUT
		Fairfield County (part)
		Bridgeport city
		Shelton city
		Easton town
		Fairfield town
		Monroe town
		Stratford town
		Trumbull town
		New Haven County (part)
		*Derby city
		Milford city
1170/31		BRISTOL, CONNECTICUT
		Hartford, County (part)
		Bristol city
		Burlington town
		Litchfield county (part)
		Plymouth town
1200/32		BROCKTON, MASSACHUSETTS
		Bristol County (part)
		Easton town
		Norfolk County (part)
		Avon town
		Plymouth County (part)
		Brockton city
		Bridgewater town
		East Bridgewater town
		*Halifax town
		West Bridgewater town
		Whitman town
1240/33		BROWNSVILLE-HARLINGEN-SAN BENITO, TEXAS
		Cameron County

SMSA AREA CODE	FMC(1) REPORT NUMBERS	AREA TITLE
	1260/34	BRYAN-COLLEGE STATION, TEXAS
		Brazos County
	1280/35	BUFFALO, NEW YORK
		Erie County
		Niagara County
	1300/none	BURLINGTON, NORTH CAROLINA
		*Alamance County
	1310/none	CAGUAS, PUERTO RICO
		*Caguas Municipio
		*Gurabo Municipio
		*San Lorenzo Municipio
	1320/36	CANTON, OHIO
		*Carroll County
		Stark County
	1360/37	CEDAR RAPIDS, IOWA
		Linn County
	1400/38	CHAMPAIGN-URBANA-RANTOUL, ILLINOIS
		Champaign County
	1440/39	CHARLESTON-NORTH CHARLESTON, SOUTH CAROLINA
		Berkeley County
		Charleston County
		Dorchester County
	1480/40	CHARLESTON, WEST VIRGINIA
		Kanawha County
		*Putnam County
	1520/41	CHARLOTTE-GASTONIA, NORTH CAROLINA
		Gaston County
		Mecklenburg County
		Union County
	1560/42	CHATTANOOGA, TENNESSEE-GEORGIA
		Hamilton County, Tennessee
		*Marion County, Tennessee
		*Sequatchie County, Tennessee

(continued)

*/ Report by ZIP code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		*Catoosa County, Georgia
		*Dade County, Georgia
		Walker County, Georgia
1600/43		CHICAGO, ILLINOIS
		Cook County
		Du Page County
		Kane County
		Lake County
		McHenry County
		Will County
1640/44		CINCINNATI, OHIO-KENTUCKY-INDIANA
		Clermont County, Ohio
		Hamilton County, Ohio
		Warren County, Ohio
		Boone County, Kentucky
		Campbell County, Kentucky
		Kenton County, Kentucky
		Dearborn County, Indiana
1660/none		CLARKSVILLE-HOPKINSVILLE, TENNESSEE-KENTUCKY
		*Montgomery County, Tennessee
		*Christian County, Kentucky
1680/45		CLEVELAND, OHIO
		Cuyahoga County
		Geauga County
		Lake County
		Medina County
1720/46		COLORADO SPRINGS, COLORADO
		El Paso County
		*Teller County

SMSA AREA CODE	PHC (1) REPORT NUMBERS	AREA TITLE
1740/47		COLUMBIA, MISSOURI
		Boone County
1760/48		COLUMBIA, SOUTH CAROLINA
		Lexington County
		Richland County
1800/49		COLUMBUS, GEORGIA-ALABAMA
		Columbus (consolidated government), Georgia
		Chattahoochee County, Georgia
		Russell County, Alabama
1840/50		COLUMBUS, OHIO
		Delaware County
		*Fairfield County
		Franklin County
		*Madison County
		Pickaway County
1880/51		CORPUS CHRISTI, TEXAS
		Nueces County
		San Patricio County
1920/52 & 74		DALLAS-FORT WORTH, TEXAS
		Collin County
		Dallas County
		Denton County
		Ellis County
		*Hood County
		Johnson County
		Kaufman County
		Parker County
		Rockwall County
		Tarrant County
		Wise County
1930/none		DANBURY, CONNECTICUT
		Fairfield County (part)
		*Danbury city
		*Bethel town
		*Brookfield town

(continued)

1/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		*New Fairfield town
		*Newtown town
		*Redding town
		Litchfield County (part)
		*New Milford town
	1960/53	DAVENPORT-ROCK ISLAND-MOLINE, IOWA-ILLINOIS
		Scott County, Iowa
		Henry County, Illinois
		Rock Island County, Illinois
	2000/54	DAYTON, OHIO
		Greene County
		Miami County
		Montgomery County
		Preble County
	2020/none	DAYTONA BEACH, FLORIDA
		*Volusia County
	2040/55	DECATUR, ILLINOIS
		Macon County
	2080/56	DENVER-BOULDER, COLORADO
		Adams County
		Arapahoe County
		Boulder County
		Denver County
		*Douglas County
		*Gilpin County
		Jefferson County
	2120/57	DES MOINES, IOWA
		Polk County
		*Warren County
	2160/58	DETROIT, MICHIGAN
		Lapeer County (In PHC-(1)-70)
		Livingston County
		Macomb County
		Oakland County

(continued)

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		St. Clair County
		Wayne County
	2200/59	DUBUQUE, IOWA
		Dubuque County
	2240/60	DULUTH-SUPERIOR, MINNESOTA-WISCONSIN
		St. Louis County, Minnesota
		Douglas County, Wisconsin
	2290/none	EAU CLAIRE, WISCONSIN
		*Chippewa County
		*Eau Claire County
	2320/62	EL PASO, TEXAS
		El Paso County
	2335/none	ELMIRA, NEW YORK
		*Chemung County
	2360/63	ERIE, PENNSYLVANIA
		Erie County
	2400/64	EUGENE-SPRINGFIELD, OREGON
		Lane County
	2440/65	EVANSVILLE, INDIANA-KENTUCKY
		*Gibson County, Indiana
		*Posey County, Indiana
		Vanderburgh County, Indiana
		Warrick County, Indiana
		Henderson County, Kentucky
	2480/66	FALL RIVER, MASSACHUSETTS-RHODE ISLAND
		Bristol County (part), Massachusetts
		Fall River city
		*Dighton town
		Somerset town
		Swansea town
		Westport town

(continued)

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		Newport County (part), Rhode Island
		Little Compton town (In PHC-(1)-166)
		Portsmouth town (In PHC-(1)-166)
		Tiverton town
2520/67		FARGO-MOORHEAD, NORTH DAKOTA-MINNESOTA
		Cass County, North Dakota
		Clay County, Minnesota
2560/68		FAYETTEVILLE, NORTH CAROLINA
		Cumberland County
2580/none		FAYETTEVILLE-SPRINGDALE, ARKANSAS
		*Benton County
		*Washington County
2600/65		FITCHBURG-LEOMINSTER, MASSACHUSETTS
		Middlesex County (part)
		Shirley town
		Townsend town
		Worcester County (part)
		Fitchburg city
		Leominster city
		Lunenburg town
		Westminster town
2640/70		FLINT, MICHIGAN
		Genesee County
		*Shiawassee County
2650/none		FLORENCE, ALABAMA
		*Colbert County
		*Lauderdale County
2670/none		FORT COLLINS, COLORADO
		*Larimer County
2680/71		FORT LAUDERDALE-HOLLYWOOD, FLORIDA
		Broward County
2700/none		FORT MYERS, FLORIDA
		*Lee County

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
2720/72		FORT SMITH, ARKANSAS-OKLAHOMA
		Crawford County, Arkansas
		Sebastian County, Arkansas
		Le Flore County, Oklahoma
		Sequoyah County, Oklahoma
2760/73		FORT WAYNE, INDIANA
		*Adams County
		Allen County
		*De Kalb County
		*Wells County
2840/75		FRESNO, CALIFORNIA
		Fresno County
2880/76		GADSDEN, ALABAMA
		Etowah County
2900/77		GAINESVILLE, FLORIDA
		Alachua County
2920/78		GALVESTON-TEXAS CITY, TEXAS
		Galveston County
2960/79		GARY-HAMMOND-EAST CHICAGO, INDIANA
		Lake County
		Porter County
3000/80		GRAND RAPIDS, MICHIGAN
		Kent County
		Ottawa County
3040/81		GREAT FALLS, MONTANA
		Cascade County
3060/none		GREELEY, COLORADO
		*Weld County
3080/82		GREEN BAY, WISCONSIN
		Brown County

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
3120/83		GREENSBORO-WINSTON-SALEM-HIGH POINT, NORTH CAROLINA
		*Davidson County
		Forsyth County
		Guilford County
		Randolph County
		*Stokes County
		Yadkin County
3160/84		GREENVILLE-SPARTANBURG, SOUTH CAROLINA
		Greenville County
		Pickens County
		*Spartanburg County
3200/85		HAMILTON-MIDDLETOWN, OHIO
		Butler County
3240/86		HARRISBURG, PENNSYLVANIA
		Cumberland County
		Dauphin County
		Perry County
3280/87		HARTFORD, CONNECTICUT
		Hartford County (part)
		Hartford city
		Avon town
		Bloomfield town
		Canton town
		East Granby town
		East Hartford town
		East Windsor town
		Enfield town
		Farmington town
		Glastonbury town
		Granby town
		Manchester town
		Marlborough town
		Newington town
		Rocky Hill town
		Simsbury town
		South Windsor town
		Suffield town

(continued)

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		West Hartford town
		Wethersfield town
		Windsor town
		Windsor Locks town
		Litchfield County (part)
		*New Hartford town
		Middlesex County (part)
		Cromwell town
		*East Hampton town
		*Portland town
		New London County (part)
		Colchester town (In PHC-(1)-143)
		Tolland County (part)
		Andover town
		Bolton town
		*Columbia town
		Coventry town
		Ellington town
		Hebron town
		*Stafford town
		Tolland town
		Vernon town
		*Willington town
3320/88		HONOLULU, HAWAII
		Honolulu County
3360/89		HOUSTON, TEXAS
		Brazoria County
		Fort Bend County
		Harris County
		Liberty County
		Montgomery County
		Waller County
3400/90		HUNTINGTON-ASHLAND, WEST VIRGINIA-KENTUCKY-OHIO
		Cabell County, West Virginia
		Wayne County, West Virginia
		Boyd County, Kentucky
		Greenup County, Kentucky
		Lawrence County, Ohio

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
3440/91		HUNTSVILLE, ALABAMA
		Limestone County
		Madison County
		*Marshall County
3480/92		INDIANAPOLIS, INDIANA
		Boone County
		Hamilton County
		Hancock County
		Hendricks County
		Johnson County
		Marion County
		Morgan County
		Shelby County
3520/93		JACKSON, MICHIGAN
		Jackson County
3560/94		JACKSON, MISSISSIPPI
		Hinds County
		Rankin County
3600/95		JACKSONVILLE, FLORIDA
		*Baker County
		*Clay County
		Duval County
		*Nassau County
		*St. Johns County
3640/96		JERSEY CITY, NEW JERSEY
		Hudson County
3660/none		JOHNSON CITY-KINGSPORT-BRISTOL, TENNESSEE-VIRGINIA
		*Carter County, Tennessee
		*Hawkins County, Tennessee
		*Sullivan County, Tennessee
		*Unicoi County, Tennessee
		*Washington County, Tennessee
		*Bristol city, Virginia
		*Scott County Virginia
		*Washington County, Virginia

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
3680/97		JOHNSTOWN, PENNSYLVANIA
		Cambria County
		Somerset County
3720/98		KALAMAZOO-PORTAGE, MICHIGAN
		Kalamazoo County
		*Van Buren County
3740/none		KANKAKEE, ILLINOIS
		*Kankakee County
3760/99		KANSAS CITY, MISSOURI-KANSAS
		Cass County, Missouri
		Clay County, Missouri
		Jackson County, Missouri
		Platte County, Missouri
		*Ray County, Missouri
		Johnson County, Kansas
		Wyandotte County, Kansas
3800/100		KENOSHA, WISCONSIN
		Kenosha County
3810/none		KILLEEN-TEMPLE, TEXAS
		*Bell County
		*Coryell County
3840/101		KNOXVILLE, TENNESSEE
		Anderson County
		Blount County
		Knox County
		*Union County
3870/none		LA CROSSE, WISCONSIN
		*La Crosse County
3880/102		LAFAYETTE, LOUISIANA
		Lafayette Parish
3920/103		LAFAYETTE-WEST LAFAYETTE, INDIANA
		Tippecanoe County

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
3960/104		LAKE CHARLES, LOUISIANA
		Calcasieu Parish
3980/none		LAKELAND-WINTER HAVEN, FLORIDA
		*Polk County
4000/105		LANCASTER, PENNSYLVANIA
		Lancaster County
4040/106		LANSING-EAST LANSING, MICHIGAN
		Clinton County
		Eaton County
		Ingham County
		*Ionia County
4080/107		LAREDO, TEXAS
		Webb County
4120/108		LAS VEGAS, NEVADA
		Clark County
4160/109		LAWRENCE-HAVERHILL, MASSACHUSETTS-NEW HAMPSHIRE
		Essex County (part), Massachusetts
		Haverhill city
		Lawrence city
		*Amesbury town
		Andover town
		Georgetown town
		Groveland town
		Merrimac town
		Methuen town
		North Andover town
		*Salisbury town
		West Newbury town
		Rockingham County (part), New Hampshire
		*Atkinson town
		*Hampstead town
		*Kingston town
		Newton town
		Plaistow town
		Salem town
		*Windham town

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
4200/110		LAWTON, OKLAHOMA
		Comanche County
4240/111		LEWISTON-AUBURN, MAINE
		Androscoggin County (part)
		Auburn city
		Lewiston city
		Lisbon town
4280/112		LEXINGTON-FAYETTE, KENTUCKY
		*Bourbon County
		*Clark County
		Fayette County
		*Jessamine County
		*Scott County
		*Woodford County
4320/113		LIMA, OHIO
		Allen County
		*Auglaize County
		Putnam County
		Van Wert County
4360/114		LINCOLN, NEBRASKA
		Lancaster County
4400/115		LITTLE ROCK-NORTH LITTLE ROCK, ARKANSAS
		Pulaski County
		Saline County
4410/none		LONG BRANCH-ASBURY PARK, NEW JERSEY
		*Monmouth County
4420/none		LONGVIEW, TEXAS
		*Gregg County
		*Harrison County
4440/116		LORAIN-ELYRIA, OHIO
		Lorain County
4480/117		LOS ANGELES-LONG BEACH, CALIFORNIA
		Los Angeles County

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
4520/118		LOUISVILLE, KENTUCKY-INDIANA
		*Bullitt County, Kentucky
		Jefferson County, Kentucky
		*Oldham County, Kentucky
		Clark County, Indiana
		Floyd County, Indiana
4560/119		LOWELL, MASSACHUSETTS-NEW HAMPSHIRE
		Middlesex County (part), Massachusetts
		Lowell city
		Billerica town
		Chelmsford town,
		Dracut town
		Tewksbury town
		Tyngsborough town
		Westford town
		Hillsborough County (part), New Hampshire
		*Pelham town
4600/120		LUBBOCK, TEXAS
		Lubbock County
4640/121		LYNCHBURG, VIRGINIA
		Lynchburg city
		Amherst County
		*Appomattox County
		Campbell County
4680/122		MACON, GEORGIA
		Bibb County
		Houston County
		Jones County
		Twiggs County
4720/123		MADISON, WISCONSIN
		Dane County
4760/124		MANCHESTER, NEW HAMPSHIRE
		Hillsborough County (part)
		Manchester city
		Bedford town
		Goffstown town

(continued)

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		Merrimack County (part)
		*Allenstown town
		Hooksett town
		*Pembroke town
		Rockingham County (part)
		*Derry town
		*Londonderry town
	4800/125	MANSFIELD, OHIO
		Richland County
	4840/239	MAYAGUEZ, PUERTO RICO
		*Anasco Municipio
		*Hormigueros Municipio
		Mayaguez Municipio
	4880/126	McALLEN-PHARR-EDINBURG, TEXAS
		Hidalgo County
	4900/none	MELBOURNE-TITUSVILLE-COCOA, FLORIDA
		*Brevard County
	4920/127	MEMPHIS, TENNESSEE-ARKANSAS-MISSISSIPPI
		Shelby County, Tennessee
		*Tipton County, Tennessee
		Crittenden County, Arkansas
		*DeSoto County, Mississippi
	4960/128	MERIDEN, CONNECTICUT
		New Haven County (part)
		Meriden city
	5000/129	MIAMI, FLORIDA
		Dade County
	5040/130	MIDLAND, TEXAS
		Midland County
	5080/131	MILWAUKEE, WISCONSIN
		Milwaukee County
		Ozaukee County
		Washington County
		Waukesha County

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
5120/132		MINNEAPOLIS-ST. PAUL, MINNESOTA-WISCONSIN
		Anoka County, Minnesota
		*Carver County, Minnesota
		*Chisago County, Minnesota
		Dakota County, Minnesota
		Hennepin County, Minnesota
		Ramsey County, Minnesota
		*Scott County, Minnesota
		Washington County, Minnesota
		*Wright County, Minnesota
		*St. Croix County, Wisconsin
5160/133		MOBILE, ALABAMA
		Baldwin County
		Mobile County
5170/134		MODESTO, CALIFORNIA
		Stanislaus County
5200/135		MONROE, LOUISIANA
		Ouachita Parish
5240/136		MONTGOMERY, ALABAMA
		*Autauga County
		Elmore County
		Montgomery County
5280/137		MUNCIE, INDIANA
		Delaware County
5320/138		MUSKEGON-NORTON SHORES-MUSKEGON HEIGHTS, MICHIGAN
		Muskegon County
		*Oceana County
5350/none		NASHUA, NEW HAMPSHIRE
		Hillsborough County (part)
		*Nashua city
		*Amherst town
		*Hudson town
		*Merrimack town
		*Milford town

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
5360/139		NASHVILLE-DAVIDSON, TENNESSEE
		*Cheatham County
		Davidson County
		*Dickson County
		*Robertson County
		*Rutherford County
		Sumner County
		*Williamson County
		Wilson County
5380/none		NASSAU-SUFFOLK, NEW YORK (In PHC-(1)-145)
		Nassau County
		Suffolk County
5400/140		NEW BEDFORD, MASSACHUSETTS
		Bristol County (part)
		New Bedford city
		Acushnet town
		Dartmouth town
		Fairhaven town
		*Freetown town
		Plymouth County (part)
		*Lakeville town
		Marion town
		Mattapoisett town
5440/141		NEW BRITAIN, CONNECTICUT
		Hartford County (part)
		New Britain city
		Berlin town
		Plainville town
		Southington town
5460/none		NEW BRUNSWICK-PERTH AMBOY-SAYREVILLE, NEW JERSEY
		Middlesex County (In PHC-(1)-146)
5480/142		NEW HAVEN-WEST HAVEN, CONNECTICUT
		Middlesex County (part)
		*Clinton town
		New Haven County (part)
		New Haven city
		West Haven city
		Bethany town

(continued)

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		Branford town
		East Haven town
		Guilford town
		Hamden town
		Madison town
		North Branford town
		North Haven town
		Orange town
		Wallingford town
		Woodbridge town
5520/143		NEW LONDON-NORWICH, CONNECTICUT-RHODE ISLAND
		Middlesex County (part), Connecticut
		*Old Saybrook town
		New London County (part) Connecticut
		New London city
		Norwich city
		Bozrah town
		East Lyme town
		Griswold town
		Groton town
		Ledyard town
		Lisbon town
		Montville town
		Old Lyme town
		Preston town
		Sprague town
		Stonington town
		Waterford town
		Washington County (part), Rhode Island
		Hopkinton town (In PHC-(1)-166)
		Westerly town (In PHC-(1)-166)
5560/144		NEW ORLEANS, LOUISIANA
		Jefferson Parish
		Orleans Parish
		St. Bernard Parish
		St. Tammany Parish
5600/145		NEW YORK, NEW YORK-NEW JERSEY
		Bronx County, New York
		Kings County, New York
		New York County, New York
		*Putnam County, New York
		Queens County, New York

1/ Report by ZIP Code.

(continued)

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		Richmond County, New York
		Rockland County, New York
		Westchester County, New York
		Bergen County, New Jersey (In PHC-(1)-156)
5640/146		NEWARK, NEW JERSEY
		Essex County
		Morris County
		Somerset County
		Union County
5680/147		NEWPORT NEWS-HAMPTON, VIRGINIA
		Hampton city
		Newport News city
		Poquoson city
		Williamsburg city
		*Gloucester County
		James City County
		York County
5720/148		NORFOLK-VIRGINIA BEACH-PORTSMOUTH, VIRGINIA-NORTH CAROLINA
		Chesapeake city, Virginia
		Norfolk city, Virginia
		Portsmouth city, Virginia
		Suffolk city (includes all of Nansemond County), Virginia
		Virginia Beach city, Virginia
		*Currituck County, North Carolina
5745/194 & 233		NORTHEAST PENNSYLVANIA
		Lackawanna County (In PHC-(1)-194)
		Luzerne County (In PHC-(1)-233)
		*Monroe County
5760/149		NORWALK, CONNECTICUT
		Fairfield County (part)
		Norwalk city
		Weston town
		Westport town
		Wilton town
5800/150		ODESSA, TEXAS
		Ector County

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
5880/152		OKLAHOMA CITY, OKLAHOMA
		Canadian County
		Cleveland County
		*McClain County
		Oklahoma County
		*Pottawatomie County
5920/153		OMAHA, NEBRASKA-IOWA
		Douglas County, Nebraska
		Sarpy County, Nebraska
		Pottawattamie County, Iowa
5960/154		ORLANDO, FLORIDA
		Orange County
		*Osceola County
		Seminole County
5990/none		OWENSBORO, KENTUCKY
		*Daviess County
6000/155		OXNARD-SIMI VALLEY-VENTURA, CALIFORNIA
		Ventura County
6020/none		PARKERSBURG-MARIETTA, WEST VIRGINIA-OHIO
		*Wirt County, West Virginia
		*Wood County, West Virginia
		*Washington County, Ohio
6025/none		PASCAGOULA-MOSS POINT, MISSISSIPPI
		*Jackson County
6040/156		PATERSON-CLIFTON-PASSAIC, NEW JERSEY
		Passaic County
6080/157		PENSACOLA, FLORIDA
		Escambia County
		Santa Rosa County
6120/158		PEORIA, ILLINOIS
		Peoria County
		Tazewell County
		Woodford County
6140/none		PETERSBURG-COLONIAL HEIGHTS-HOPEWELL, VIRGINIA
		*Colonial Heights city
		*Hopewell city
		*Petersburg city
		*Dinwiddie County
		*Prince George County
6160/159		PHILADELPHIA, PENNSYLVANIA-NEW JERSEY
		Bucks County, Pennsylvania
		Chester County, Pennsylvania
		Delaware County, Pennsylvania
		Montgomery County, Pennsylvania
		Philadelphia County, Pennsylvania
		Burlington County, New Jersey
		Camden County, New Jersey
		Gloucester County, New Jersey
6200/160		PHOENIX, ARIZONA
		Maricopa County
6240/161		PINE BLUFF, ARKANSAS
		Jefferson County
6280/162		PITTSBURGH, PENNSYLVANIA
		Allegheny County
		Beaver County
		Washington County
		Westmoreland County
6320/163		PITTSFIELD, MASSACHUSETTS
		Berkshire County (part)
		Pittsfield city
		*Adams town
		*Cheshire town
		Dalton town
		Lanesborough town
		Lee town
		Lenox town
		*Stockbridge town
6360/240		PONCE, PUERTO RICO
		*Juana Diaz Municipio
		Ponce Municipio
		*Villalba Municipio

(continued)

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
6400/164		PORTLAND, MAINE
		Cumberland County (part)
		Portland city
		South Portland city
		Westbrook city
		Cape Elizabeth town
		Cumberland town
		Falmouth town
		Freeport town
		Gorham town
		Scarborough town
		Windham town
		Yarmouth town
		York County (part)
		*Saco city
		*Old Orchard Beach town
6440/165		PORTLAND, OREGON-WASHINGTON
		Clackamas County, Oregon
		Multnomah County, Oregon
		Washington County, Oregon
		Clark County, Washington
6460/none		POUGHKEEPSIE, NEW YORK
		*Dutchess County
6480/166		PROVIDENCE-WARWICK-PAWTUCKET, RHODE ISLAND-MASSACHUSETTS
		Bristol County, Rhode Island
		Barrington town
		Bristol town
		Warren town
		Kent County (part), Rhode Island
		Warwick city
		Coventry town
		East Greenwich town
		West Warwick town
		Newport County (part), Rhode Island
		Jamestown town
		Providence County (part), Rhode Island
		Central Falls city
		Cranston city

(continued)

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		East Providence city
		Pawtucket city
		Providence city
		Woonsocket city
		Burrillville town
		Cumberland town
		Johnston town
		Lincoln town
		North Providence town
		North Smithfield town
		Scituate town
		Smithfield town
		Washington County (part), Rhode Island
		Narragansett town
		North Kingstown town
		South Kingstown town
		Bristol County (part), Massachusetts
		Attleboro city
		North Attleborough town
		*Norton town
		Rehoboth town
		Seekonk town
		Norfolk County (part), Massachusetts
		Plainville town
		Worcester County (part), Massachusetts
		Blackstone town
		Millville town
6520/167		PROVO-OREM, UTAH
		Utah County
6560/168		PUEBLO, COLORADO
		Pueblo County
6600/169		RACINE, WISCONSIN
		Racine County
6640/61 & 170		RALEIGH-DURHAM, NORTH CAROLINA
		Durham County
		Orange County
		Wake County
6680/171		READING, PENNSYLVANIA
		Berks County

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
6720/172		RENO, NEVADA
		Washoe County
6740/none		RICHLAND-KENNEWICK, WASHINGTON
		*Benton County
		*Franklin County
6760/173		RICHMOND, VIRGINIA
		Richmond city
		*Charles City County
		Chesterfield County
		*Goochland County
		Hanover County
		Henrico County
		*New Kent County
		*Powhatan County
6780/187		RIVERSIDE-SAN BERNARDINO-ONTARIO, CALIFORNIA
		Riverside County
		San Bernardino County
6800/174		ROANOKE, VIRGINIA
		Roanoke city
		Salem city
		*Botetourt County
		*Craig County
		Roanoke County
6820/175		ROCHESTER, MINNESOTA
		Olmsted County
6840/176		ROCHESTER, NEW YORK
		Livingston County
		Monroe County
		*Ontario County
		Orleans County
		Wayne County
6880/177		ROCKFORD, ILLINOIS
		Boone County
		Winnebago County
6920/178		SACRAMENTO, CALIFORNIA
		Placer County
		Sacramento County
		Yolo County
6960/179		SAGINAW, MICHIGAN
		Saginaw County
6980/none		ST. CLOUD, MINNESOTA
		*Benton County
		*Sherburne County
		*Stearns County
7000/180		ST. JOSEPH, MISSOURI
		*Andrew County
		Buchanan County
7040/181		ST. LOUIS, MISSOURI-ILLINOIS
		St. Louis city, Missouri
		Franklin County, Missouri
		Jefferson County, Missouri
		St. Charles County, Missouri
		St. Louis County, Missouri
		*Clinton County, Illinois
		Madison County, Illinois
		Monroe County, Illinois
		St. Clair County, Illinois
7080/182		SALEM, OREGON
		Marion County
		Polk County
7120/183		SALINAS-SEASIDE-MONTEREY, CALIFORNIA
		Monterey County
7160/151 & 184		SALT LAKE CITY-OGDEN, UTAH
		Davis County
		Salt Lake County
		*Tooele County
		Weber County
7200/185		SAN ANGELO, TEXAS
		Tom Green County

(continued)

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
7240/186		SAN ANTONIO, TEXAS
		Bexar County
		*Comal County
		Guadalupe County
7320/188		SAN DIEGO, CALIFORNIA
		San Diego County
7360/189		SAN FRANCISCO-OAKLAND, CALIFORNIA
		Alameda County
		Contra Costa County
		Marin County
		San Francisco County
		San Mateo County
7400/190		SAN JOSE, CALIFORNIA
		Santa Clara County
7440/241		SAN JUAN, PUERTO RICO
		Bayamon Municipio
		*Canovanas Municipio
		Carolina Municipio
		Catano Municipio
		Guaynabo Municipio
		*Loiza Municipio
		San Juan Municipio
		*Toa Baja Municipio
		Trujillo Alto Municipio
7480/191		SANTA BARBARA-SANTA MARIA-LOMPOC, CALIFORNIA
		Santa Barbara County
7485/none		SANTA CRUZ, CALIFORNIA
		*Santa Cruz County
7500/192		SANTA ROSA, CALIFORNIA
		Sonoma County
7510/none		SARASOTA, FLORIDA
		*Sarasota County

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
7520/193		SAVANNAH, GEORGIA
		*Bryan County
		Chatham County
		*Effingham County
7600/195		SEATTLE-EVERETT, WASHINGTON
		King County
		Snohomish County
7640/196		SHERMAN-DENISON, TEXAS
		Grayson County
7680/197		SHREVEPORT, LOUISIANA
		Bossier Parish
		Caddo Parish
		*Webster Parish
7720/198		SIOUX CITY, IOWA-NEBRASKA
		Woodbury County, Iowa
		Dakota County, Nebraska
7760/199		SIOUX FALLS, SOUTH DAKOTA
		Minnehaha County
7800/200		SOUTH BEND, INDIANA
		Marshall County
		St. Joseph County
7840/201		SPOKANE, WASHINGTON
		Spokane County
7880/202		SPRINGFIELD, ILLINOIS
		*Menard County
		Sangamon County
7920/203		SPRINGFIELD, MISSOURI
		*Christian County
		Greene County
7960/204		SPRINGFIELD, OHIO
		*Champaign County
		Clark County

1/ Report by ZIP Code.

SMSA AREA CODE	PMC(1) REPORT NUMBERS	AREA TITLE
8000/205		SPRINGFIELD-CHICOPEE-HOLYOKE, MASSACHUSETTS-CONNECTICUT
		Hampden County (part) Massachusetts
		Chicopee city
		Holyoke city
		Springfield city
		Westfield city
		Agawam town
		East Longmeadow town
		Hampden town
		Longmeadow town
		Ludlow town
		Monson town
		Palmer town
		Southwick town
		West Springfield town
		Wilbraham town
		Hampshire County (part), Massachusetts
		Northampton city
		Belchertown town
		Easthampton town
		Granby town
		Hadley town
		Hatfield town
		South Hadley town
		Southampton town
		Worcester County (part), Massachusetts
		Warren town
		Tolland County (part), Connecticut
		Somers town
8040/206		STAMFORD, CONNECTICUT
		Fairfield County (part)
		Stamford city
		Darien town
		Greenwich town
		New Canaan town
8080/207		STEUBENVILLE-WEIRTON, OHIO-WEST VIRGINIA
		Jefferson County, Ohio
		Brooke County, West Virginia
		Hancock County, West Virginia
8120/208		STOCKTON, CALIFORNIA
		San Joaquin County
8160/209		SYRACUSE, NEW YORK
		Madison County
		Onondaga County
		Oswego County
8200/210		TACOMA, WASHINGTON
		Pierce County
8240/211		TALLAHASSEE, FLORIDA
		Leon County
		*Wakulla County
8280/212		TAMPA-ST. PETERSBURG, FLORIDA
		Hillsborough County
		*Pasco County
		Pinellas County
8320/213		TERRE HAUTE, INDIANA
		Clay County
		Sullivan County
		Vermillion County
		Vigo County
8360/214		TEXARKANA, TEXAS-TEXARKANA, ARKANSAS
		Bowie County, Texas
		*Little River County, Arkansas
		Miller County, Arkansas
8400/215		TOLEDO, OHIO-MICHIGAN
		*Fulton County, Ohio
		Lucas County, Ohio
		*Ottawa County, Ohio
		Wood County, Ohio
		Monroe County, Michigan
8440/216		TOPEKA, KANSAS
		*Jefferson County
		*Osage County
		Shawnee County

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
8480/217		TRENTON, NEW JERSEY
		Mercer County
8520/218		TUCSON, ARIZONA
		Pima County
8560/219		TULSA, OKLAHOMA
		Creek County
		*Mayes County
		Osage County
		*Rogers County
		Tulsa County
		*Wagoner County
8600/220		TUSCALOOSA, ALABAMA
		Tuscaloosa County
8640/221		TYLER, TEXAS
		Smith County
8680/222		UTICA-ROME, NEW YORK
		Herkimer County
		Oneida County
8720/223		VALLEJO-FAIRFIELD-NAPA, CALIFORNIA
		Napa County
		Solano County
8760/224		VINELAND-MILLVILLE-BRIDGETON, NEW JERSEY
		Cumberland County
8800/225		WACO, TEXAS
		McLennan County
8840/226		WASHINGTON, D. C.-MARYLAND-VIRGINIA
		District of Columbia
		*Charles County, Maryland
		Montgomery County, Maryland
		Prince Georges County, Maryland
		Alexandria city, Virginia
		Fairfax city, Virginia
		Falls Church city, Virginia
		Manassas city, Virginia
		Manassas Park city, Virginia

(continued)

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
		Arlington County, Virginia
		Fairfax County, Virginia
		Loudoun County, Virginia
		Prince William County, Virginia
8880/227		WATERBURY, CONNECTICUT
		Litchfield, County (part)
		Thomaston town
		Watertown town
		Woodbury town
		New Haven County (part)
		Waterbury city
		Naugatuck borough
		Beacon Falls town
		Cheshire town
		Middlebury town
		Prospect town
		Southbury town
		Wolcott town
8920/228		WATERLOO-CEDAR FALLS, IOWA
		Black Hawk County
8960/229		WEST PALM BEACH-BOCA RATON, FLORIDA
		Palm Beach County
9000/230		WHEELING, WEST VIRGINIA-OHIO
		Marshall County, West Virginia
		Ohio County, West Virginia
		Belmont County, Ohio
9040/231		WICHITA, KANSAS
		Butler County
		Sedgwick County
9080/232		WICHITA FALLS, TEXAS
		Clay County
		Wichita County
9140/none		WILLIAMSPORT, PENNSYLVANIA
		*Lycoming County

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
9160/234		WILMINGTON, DELAWARE-NEW JERSEY-MARYLAND
		New Castle County, Delaware
		Salem County, New Jersey
		Cecil County, Maryland
9200/235		WILMINGTON, NORTH CAROLINA
		Brunswick County
		New Hanover County
9240/236		WORCESTER, MASSACHUSETTS
		Worcester County (part)
		Worcester city
		Auburn town
		Berlin town
		Boylston town
		Brookfield town
		Charlton town
		East Brookfield town
		Grafton town
		Holden town
		Leicester town
		Millbury town
		Northborough town
		Northbridge town
		North Brookfield town
		Oxford town
		Paxton town
		Shrewsbury town
		Spencer town
		Sterling town
		Sutton town
		Upton town
		Uxbridge town
		Webster town
		Westborough town
		West Boylston town
9260/none		YAKIMA, WASHINGTON
		*Yakima County

*/ Report by ZIP Code.

SMSA AREA CODE	PHC(1) REPORT NUMBERS	AREA TITLE
9280/237		YORK, PENNSYLVANIA
		Adams County
		York County
9320/238		YOUNGSTOWN-WARREN, OHIO
		Mahoning County
		Trumbull County

GPO 826-804

FEDERAL CRIMINAL STATUTES WHICH APPLY TO CREDIT UNIONS

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PART 4

FEDERAL CRIMINAL STATUTES WHICH APPLY TO CREDIT UNIONS

The Federal criminal statutes discussed below are from Title 18 of the United States Code. They apply to credit unions as indicated and are being provided for your information. The officials should be aware of the content of these statutes.

A. §493. BONDS AND OBLIGATIONS OF CERTAIN LENDING AGENCIES

Whoever falsely makes, forges, counterfeits or alters any note, bond, debenture, coupon, obligation, *instrument*, or writing in imitation or purporting to be in imitation of, a note, bond, debenture, coupon, obligation, instrument or writing, *issued by* the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, National Credit Union Administration, Home Owners' Loan Corporation, Farm Credit Administration, Department of Housing and Urban Development, or *any* land bank, intermediate credit bank, *insured credit union*, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States, *shall be fined not more than $10,000 or imprisoned not more than five years, or both.*

Whoever passes, utters, or publishes, or attempts to pass, utter or publish any note, bond, debenture, coupon, obligation, instrument or document knowing the same to have been falsely made, forged, counterfeited or altered, contrary to the provisions of this section, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

B. §657. LENDING, CREDIT AND INSURANCE INSTITUTIONS

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, National Credit Union Administration, Home Owners' Loan Corporation, Farm Credit Administration, Department of Housing and Urban Development, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or *any institution the accounts of which are insured by the* Federal Savings and Loan Insurance Corporation or by the *Administrator of the National Credit Union Administration* or any small business investment company, and whoever, being a receiver of any such institution, or agent or employee of the receiver, embezzles, abstracts, purloins or willfully misapplies any moneys, funds, credits, securities, or other things of value belonging to such institution, and pledged or otherwise intrusted to its care, *shall be fined not more than $5,000 or imprisoned not more than five years, or both;* but if the amount or value embezzled, abstracted, purloined or misapplied does not exceed $100, he shall be fined not more than $1,000 or imprisoned not more than one year, or both.

C. §1006. FEDERAL CREDIT INSTITUTION ENTRIES, REPORTS AND TRANSACTIONS

Whoever, being an *officer, agent or employee of* or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, National Credit Union Administration, Home Owners' Loan Corporation, Farm Credit Administration, Department of Housing and Urban Development, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or *any institution the accounts of which are insured* by the Federal

Savings and Loan Insurance Corporation, or *by the Administrator of the National Credit Union Administration*, or any small business investment company, *with intent to defraud any such institution of any other* company, body politic or corporate, or any *individual, or to deceive any officer, auditor, examiner or agent of any such institution or of department or agency of the United States, makes any false entry in any book, report or statement of or to any such institution, or without being duly authorized, draws any order or bill of exchange, makes any acceptance, or issues, puts forth or assigns any note, debenture, bond or other obligation, or draft, bill of exchange, mortgage, judgment, or decree, or, with intent to defraud the United States or any agency thereof, or any corporation, institution, or association referred to in this section, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation, institution, or association, shall be fined not more than $10,000 or imprisoned not more than five years, or both.*

D. §1014. LOAN AND CREDIT APPLICATIONS GENERALLY; RENEWALS AND DISCOUNTS; CROP INSURANCE

Whoever knowingly makes any false statement or report, or willfully overvalues any land, property or security, for the purpose of influencing in any way the action of the Reconstruction Finance Corporation, Farm Credit Administration, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, any Federal intermediate credit bank, or any division, officer, or employee thereof, or of any corporation organized under sections 1131-1134m of Title 12, or of any regional agricultural credit corporation established pursuant to law, or of the National Agricultural Credit Corporation, a Federal Home Loan Bank, the Federal Home Loan Bank Board, the Home Owners' Loan Corporation, a Federal Savings and Loan Association, a Federal land bank, a joint-stock land bank, a Federal land bank association, a Federal Reserve bank, a small business investment company, a *Federal credit union, an insured State-chartered credit union*, any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, any bank the deposits of which are insured by the Federal Deposit Insurance Corporation, any member of the Federal Home Loan Bank System, the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the Administrator of the National Credit Union Administration, *upon any application*, advance, discount, purchase, purchase agreement, repurchase agreement, commitment, *or loan, or any change or extension of any of the same*, by renewal, deferment of action or otherwise, or the acceptance, release, or substitution of security thereof, *shall be fined not more than $5,000 or imprisoned not more than two years, or both.*

E. §2113. BANK ROBBERY AND INCIDENTAL CRIMES

(a) *Whoever, by force and violence, or by intimidation, takes, or attempts to take, from the person or presence of another any property or money or any other thing of value belonging to, or in the care, custody, control, management, or possession of, any bank, or any savings and loan association; or*

Whoever enters or attempts to enter any bank, or any savings and loan association, or any building used in whole or in part as a bank, or as a savings and loan association, with intent to commit in such bank, or in such savings and loan association, or building, or part thereof, so used, any felony affecting such bank or such savings and loan association and in violation of any statute of the United States, or any larceny—

Shall be fined not more than $5,000 or imprisoned not more than twenty years, or both.

(b) *Whoever takes and carries away, with intent to steal or purloin, any property or money or any other thing of value exceeding $100 belonging to, or in the care, custody, control, management, or possession of any bank, or any savings and loan association, shall be fined not more than $5,000 or imprisoned not more than ten years, or both; or*

Whoever takes and carries away, with intent to steal or purloin, any property or money or any other thing of value not exceeding $100 belonging to, or in the care, custody, control, management, or possession of any bank, or any savings and loan association, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

(c) *Whoever receives, possesses, conceals, stores, barters, sells, or disposes of, any property or money or other thing of value knowing the same to have been taken from a bank, or a savings and loan as-*

sociation, in violation of subsection (b) of this section shall be subject to the punishment provided by said subsection (b) for the taker.

(d) *Whoever, in committing, or in attempting to commit, any offense defined in subsections (a) and (b) of this section, assaults any person, or puts in jeopardy the life of any person by the use of a dangerous weapon or device, shall be fined not more than $10,000 or imprisoned not more than twenty-five years, or both.*

(e) *Whoever, in committing any offense defined in this section, or in avoiding or attempting to avoid apprehension for the commission of such offense, or in freeing himself or attempting to free himself from arrest or confinement for such offense, kills any person, or forces any person to accompany him without the consent of such person, shall be imprisoned not less than ten years, or punished by death if the verdict of the jury shall so direct.*

(f) As used in this section the term "bank" means any member bank of the Federal Reserve System, and any bank, banking association, trust company, savings bank, or other banking institution organized or operating under the laws of the United States, and any bank the deposits of which are insured by the Federal Deposit Insurance Corporation.

(g) As used in this section *the term "savings and loan association" means any* Federal savings and loan association and any "insured institution" as defined in section 401 of the National Housing Act, as amended, and any "*Federal credit union*" as defined in section 2 of the Federal Credit Union Act.

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